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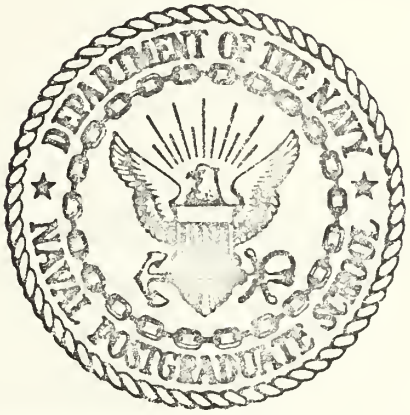

THESIS

MANAGEMENT BY OBJECTIVES AT A RESEARCH, DEVELOPMENT, TEST AND EVALUATION ACTIVITY

by

Larry Eugene Blose

and

Michael Jerome Stansel

June 1975

Thesis Advisor: R. S. Elster

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Management by Objectives at a Research, Development, Test and Evaluation Activity

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ABSTRACT

NAVMAT Instruction 5200.37 of 24 September 1973 required a Management by Objectives (MBO) program to be initiated throughout the Naval Material establishment. The Pacific Missile Range (PMR) at Point Mugu, California requested assistance from the Naval Postgraduate School in establishing their MBO program. A pilot MBO program was established at PMR to determine MBO's feasibility in a research and development (R&D) organization. Due to time constraints, the program was limited to the implementation of short range goals and objectives. Although R&D objectives for work of an innovative nature were often difficult to define and measure, preliminary results indicate that the concept of MBO can be effectively applied to an R&D activity.

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I. INTRODUCTION

Since man first found it to be to his advantage to live and work with other human beings, some form of organization has naturally ensued. Originally, instinct and common primary needs were man's only resources for dealing with each other. The most primitive method of control was fear, a natural outgrowth of the principle of the survival of the fittest. As man developed, the technique of motivation through fear became more sophisticated. Leaders administered punishment or threat of discharge without recourse, thinking only in terms of how man could best serve the organization [Maier, 1973]. A secular or hierarchal form of organization developed and has been employed through most of man's history to accomplish the rather simple, repetitious tasks in society. As society became more complex, the autocratic hierarchy developed and grew, but it always had one common characteristic. It traditionally did not regard the human element. Workers were subject to the authoritarian managers in the hierarchy, and little regard was given them for anything but their toil [Rosenblatt, 1973].

Recent developments have made many of these older methods obsolete. The production methods and governmental regulation that generate current affluence have changed man's motivational values. Man can no longer be controlled by the basic needs

such as hunger, thirst, security, and health. Higher needs, such as self-esteem and self-actualization,are determining the motivations of increasing numbers of people [Maslow, 1954]. In the last twenty-five years, behavioral scientists have begun concentrating on the world of work and the management of workers. The result is a growing recognition on the part of managers that consideration of the human element must be a part of management. With increasing frequency, interest centers on how the organization can best serve the man [Maier, 1973].

Of the new, behaviorist-influenced techniques developed in the last twenty-five years, Management by Objectives (MBO) is one of the most popular and successful. Peter F. Drucker is generally credited with providing the first definitive statement of the MBO philosophy and process [Drucker, 1954]. Although it has been both praised and criticized by the many who have written about it, its successful adoption by many business enterprises is documented in hundreds of published articles [Rosenblatt, 1973].

In 1974, the Naval Material Command (NAVMAT) formally adopted MBO for itself and the organizations responsible to it [NAVMAT, 1974]. One of these organizations is the Pacific Missile Range (PMR) at Point Mugu, California. Although MBO has previously been used primarily in large, structured, profit-seeking organizations, if MBO is to be a universally accepted method of management, it should be applicable to non-profit governmental organizations seeking goals in research, development, test and evaluation.

II. THE THEORY AND LITERATURE OF MBO

A. DEFINITION

"Management by Objectives is a dynamic system which seeks to integrate the company's needs to clarify and achieve its profit and growth goals with the manager's need to contribute and develop himself. It is a demanding and rewarding style of managing a business." [Humble, 1970].

Mr. Humble is not the first man to describe a system whereby a manager can direct his attention to the necessary aspects of his job. By the same analysis, the advocates of Management by Objectives (MBO) who include Odiorne, Humble, Drucker, Sloan, et al, admit that successful managers have been practicing MBO in one form or another for several years. It is not, therefore, surprising to managers that these people are describing a tool that encompasses all the skills required of a dynamic manager, from analysis, to decision making and implementation.

It is important that the corporate president or the chief executive, in considering implementation of MBO, realizes that it (MBO) is not a panacea for success. It does not lessen the importance of careful analysis and timely implementation of plans and activities, but instead, defines the direction that these managerial actions should follow. In this respect, MBO became more than a tool of management. It

is an integral part of a system that gives the decision maker the opportunity to direct all the organization's resources towards the main or critical objectives [Raia, 1974].

Industry has viewed a major shift in management style and attitude since the early 1900's. We have moved from the "Hard Nose" manager of the 20's and 30's, who held a continual threat of firing over employees, through the "Human Relator" of the 40's, the "Pressure Manager" of the 50's and finally settled on a participative style of management that encompasses the ideas of many experts [Odiorne, 1970]. Today we have a style of management that designs employee benefits, that exerts pressures and controls to increase outputs, and that condones the removal of those individuals who do not produce. But going a step beyond, management has included the employee, to varying degrees, in the decision making and planning processes. This embracing of the employee's ideas and emotions will aid in directing his total effort towards the objectives of the organization. Here is the interface, the cue that signals an opening for yet another refinement to existing policies involved in the art of managing people. Not really a gimmick, MBO is actually a management philosophy and style.

"Management by Objectives," "goals and controls," and "management by goals" are but a few of the labels that consultants and practitioners have used for this style of management. Essentially, the past decade has seen voluminous amounts of literature generated by academicians on this subject, while

industry has methodically continued its routine business, using varying degrees of what is now recognized as MBO. Assuming that these organizations are viable "going concerns" there are two things that are needed: (1) knowledge by the entire organization of the direction, the goals, and the results that are desired and (2) knowledge by upper management as to what the decisions, commitments, and efforts of the people in the organization really are [Drucker, 1970]. It is in the incorporation of MBO's philosophy and style that these two needs may be resolved. Definite results are sought and if performance shortfalls are observed, corrections are in order.

B. RELEVANCY

A few simple questions can aid in determining the applicability of MBO to a non-profit or service-oriented business. These questions, applied to organizing and managing an organization, should highlight certain general areas that are shared by both types of operations and which can, therefore, be addressed in a similar manner.

1. Does the organization have a mission to perform?
2. Does management have assets entrusted to it?
3. Is management accountable to some person or authority for a return on the assets?
4. Can priorities be established for accomplishing the mission?
5. Can the operation be planned?
6. Does management believe that it must manage effectively even though the organization is a non-profit one?
7. Can accountabilities of key personnel be pinpointed?

8. Can the efforts of all key personnel be coordinated into a whole?

9. Can necessary controls and feedback be established?

10. Is it possible to evaluate the performance of key personnel?

11. Is a system of positive and negative rewards possible?

12. Is management receptive to improved methods of operating? [McConkey, 1973]

While most of the questions address the structure of organization, it is important to note that management attitude and receptivity is also tested. Because this philosophy or process begins at the top with a clear, concise statement of the central purpose of the organization, upper management must commit at a 100% level. Without the complete support from top management, the system is doomed to inevitable failure.

C. PROCESSES

The essential elements of a Management by Objectives system are not new to modern management. In fact, most managers utilize the elements in their daily businesses, but without the close interface necessary for MBO. The essential elements of the MBO Process are (1) goal setting, (2) action planning, (3) control, and (4) periodic reviews. An explanations of their positions within the MBO system will demonstrate the contribution and interdependence each element has upon the other [Raia, 1974].

1. Goal Setting

The very basis of managing by results or objectives is the formulation of realistic and measurable organizational objectives in vital areas of performance. These overall organizational objectives are not related to the first question in the applicability test for MBO, but are the beginning steps for long-range planning [Drucker, 1970]. "What is this organization's mission?" "Why does the organization exist?"

From this modest start, a manager must begin the process of developing specific objectives that will cascade within the organization, from the upper echelons to and through the production lines. In the area of corporate performance, objectives could relate to profit ratios, market standing, technological innovations. At the departmental level or below, units of production, spoilage or waste percentages, overtime figures and other measures would be more appropriate as objectives. Whatever the measure or task, the setting of standards requires attention and expertise. If done in a haphazard manner and set too low, the employees concerned may not aspire to exceed the target figures. If there are wage incentives associated with production exceeding target figures, management would be overpaying for the effort expended and the units produced. On the other hand, if standards are set at an unattainable level, regardless of human limitations or company facilities, the individuals concerned no longer have control of their situation and may therefore give up. In either case, the challenge to the

individual, aimed at improving performance, is undermined or eliminated. Whatever the reason, realistic standards are not formulated [Raia, 1974].

2. Action Planning

Whether this step is called "Action Phase," "Action Planning," or "Mapping," the basic meaning is constant. "How do we achieve our objectives?" The answer: define the desired result; set a time limit; make a commitment for the fulfillment of that objective. Expressed in different terms, an action plan is comprised of sequenced activities that are expected to culminate in the desired outcome. It is this logical movement from one activity to another that allows the progress towards the desired objective to be measured.

Furthermore, as a by-product of action plans, problem areas may be identified, optimal beginning times for various activities through utilization of "Milestone Charts," "Gantt Charts," or "PERT Diagrams," can be established, and because of the breakdown and scheduling, more accurate cost estimates can evolve.

Essentially, proper action planning will pave the way for the smooth transition from the stated objectives to the procedures and tasks required to complete them. Action plans are a means for the attainment of the objectives and because of the variations in objectives between organizations, it is not mandatory that they be complex. If a simple statement will suffice, use it.

3. Control

Webster defines control as "(1) to exercise restraint or direction over, (2) to test or verify by . . . standards or comparison." MBO requires exactly that action. Performance needs to be tested or verified by some standard or yardstick and if deviations are present, corrective action should be initiated. The manner and the extent of correction are the difficult questions. The consequences from MBO should not be punishment per se, but, instead, an environment where an individual has freedom to succeed or fail. The objectives are stated and, while operating within policies and guidelines, the individual is expected to attain those objectives. He must exercise restraint and guide his efforts to achieve the desired results. His senior, on the other hand, should exercise self-control with respect to over-specifying and restricting his subordinates' actions and initiatives. It is the manager's position to motivate, but not to directly intervene in the implementation or activity processes.

4. Periodic Reviews

Many factors associated with control are also present in periodic reviews. Management, in exercising control and in appraising an individual's performance, is faced with many difficult situations. As stated earlier, control is of concern in two areas: (1) management's control of the collective efforts of the organization, and (2) management self-control exercised so as to produce the motivating atmosphere that should exist. In assessing the performance of an individual without MBO, criteria are rarely clear or objective, and in

many cases include ratings of initiative, attitude, enthusiasm, judgement, and creativity.

Obviously in exercising control, management must make evaluations, solve problems, counsel, make modifications to the system, and perform many other activities. The distinction between this type of continuous appraisal and periodic reviews, is that the latter is a discrete addition to the daily process. A periodic review is a definite feedback by which the individual will, based upon his review, receive his rewards for his past performances. The periodic review can become an instrument of motivation; the beginning steps of reward or punishment. Whatever the rationale, periodic reviews relate to Humble's concepts of fundamental performance needs that apply to not only managers but every individual at work.

1. "Agree with me the results I'm to achieve."
2. "Give me an opportunity to perform."
3. "Let me know how I'm getting on."
4. "Give me guidance and training."
5. "Reward and promote me on my contribution."

[Humble, 1970]

A meaningful review by an informed and respected supervisor is a big step in fulfilling our need to, "know where we stand."

D. THE MBO "DON'TS"

When a subject becomes a focus of attention, and has been written about and lectured upon, people become increasingly

aware of factors that not only aid in its implementation but hinder it. The following discussion explains seven of "Twenty Ways to Kill MBO" from an article published by Dale D. McConkey in the Management Review. These seven were chosen by the authors for further explanation because of their relevance to governmental agencies.

1. "Tell Them Their Objectives"

Because of the bureaucracy and chain-of-command present in governmental agencies, this is an easy trap to fall into. Instead of trusting subordinates to establish meaningful objectives and to discuss and agree on their scope and magnitude, some managers tend to establish the objectives and pass them down. The consequence is the removal of the motivation and commitment to carry out objectives established in the participation phase.

2. "Implement Overnight"

Training and indoctrination is generally associated with any new system. MBO is no different. Old timers will resist change and the new people may be eager to "jump on the bandwagon" while neither, probably, has sufficient knowledge or expertise. Compounding this problem is the urgency created within the chain-of-command by the issuance of directives and instructions commanding immediate installation.

3. "Delegate Executive Direction"

By placing responsibility of the system to the assistant vice-president, planning director, or morale officer, you have removed yourself from the system. This action may

be interpreted by subordinates as a lack of faith in MBO and a lack of support for the system. Active support and participation from the top is essential for successful implementation of MBO.

4. "Create a Paper Mill"

Unfortunately, governmental agencies are already tasked with a multitude of reports and paper work in their everyday routines. The "keep it simple theory" applies in MBO. Managers should not be overloaded with paper work and forms in addition to the existing management information systems.

5. "Ignore Feedback"

Feedback is related to the egotistical needs that require continual fulfillment. If a member of the organization is meeting the objective agreed upon, reassurance of his contribution through feedback will continue to motivate the employee to better job performance [Sutermeister, 1963].

6. "Omit Periodic Reviews"

While feedback is reinforcing performance on a continual basis, periodic reviews afford the opportunity to view the total progress towards stated objectives. Without these reviews, during the target cycle, the managers and subordinates are deprived of the opportunity to test the validity of the objectives and to take corrective action (if necessary). It is possible for an objective to need to be modified or removed, and recognition of the problem at the earliest time saves effort and money.

7. "Stick with Original Program"

A natural progression from periodic reviews allows for changes in the original program. Operating an organization is a dynamic situation and MBO is in the same category. Inflexibility is a quick way to kill MBO [McConkey, 1972].

Many of the MBO "don'ts" are simply good management principles. Top executives would not expect to install a system of this magnitude in a few days and reap immediate rewards. Likewise, they would not allow a system that is interwoven with the basic foundation of organization to be directed by a junior executive.

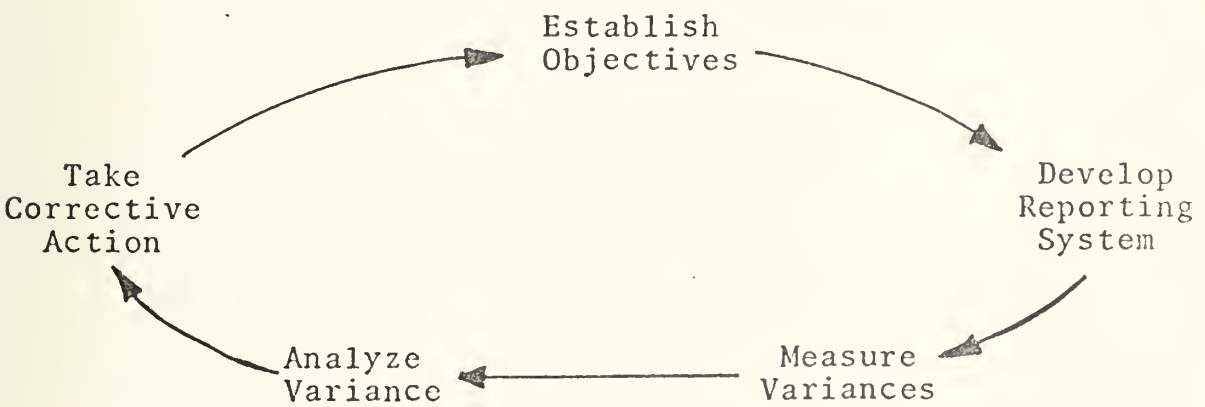
In the past, Management by Objectives has required three to five years for accomplishment, while under the control of a chief executive. This extensive time has been necessary to overcome initial resistance to new concepts, to review and appraise the system, and to modify it where necessary. Implementation is not complete until members of the organization internalize MBO into their management style and think in terms of stated goals and objectives. Approached with the MBO "don'ts" in mind, many of the problems of implementation will be minimized.

E. CONCLUSION

Management by Objectives endeavors to align the objectives of the organization with the personal goals and aspirations of the managers and other personnel [Humble, 1970]. It is not a prescription to transform an individual into an effective manager, nor is it merely a tool or procedure to be

applied sporadically [Raia, 1974]. It is instead a philosophy of management that should be integrated into the very existence of an organization. It should be understood that this is not an overnight process. The most enthusiastic management must proceed cautiously until it is no longer a conscious effort for the individuals of the organization to operate in terms of results, deadlines, and measurable efforts. Depending on the organization, it would be reasonable to expect this attitude to require three to five years to mature.

Through a proper implementation of MBO, management now has the capability to observe the magnitude and direction of the effort expended by its working force. A base would then exist for an objective appraisal system, a framework for planning and control, a training device for managers and perhaps the most important by-product, a way to increase involvement and participation of every individual in the organization.



[United Airlines, 1974]

Figure 1
Simplified MBO System

Because of the vast differences in the make-up of the businesses in existence today, not only in organizational structure, but in the motives for operation, one phrase of advice becomes increasingly important. "There is no one best way to manage by objectives!" [Raia, 1974]. Each system and each program must be tailored to fulfill the needs and circumstances of the organization. A relearning process is not necessary, merely a refinement of already existing skills.

III. THESIS INTENT

During the past fifteen years, the art of managing people has gained considerable importance in determining the success of an organization. Various methods of applying this art have been used, and the Management by Objectives methods seem to have been the most successful with companies such as General Motors, General Electric, IBM, and Xerox. Although there are some public sector examples of MBO use, the most successful applications have been primarily involved with large, structured, profit seeking organizations. If Management by Objectives is to be considered a universally accepted method of management, it should be equally as successful in non-profit government organizations having goals oriented toward research and development. Although the goals, objectives, and performance standards will of course be different, the basic principles of MBO should apply. The purpose of this paper, therefore, is to learn about the operation of a Navy Missile Range, to attempt to implement a pilot MBO program, and to determine if MBO can be effectively applied to a non-profit research, development, test and evaluation activity.

IV. METHODOLOGY

A. SUBJECTS - PACIFIC MISSILE RANGE

1. Mission

The Pacific Missile Range, with headquarters at Point Mugu, California was established June 16, 1958. Its mission was to provide range support for the Department of Defense and other governmental agencies in guided missiles (air-to-air, air-to-ground, surface-to-air), satellite, and space vehicle research. It was also required to operate in conjunction with the development, evaluation and training programs associated with proposed systems.

Although the Pacific Missile Range's primary mission is to provide range support for the missiles of the Navy and other Department of Defense agencies, it must continually update its facilities to effectively accommodate the systems' requirements of the future. Because of this foresight, the scope of programs have extended to include sea-launched vehicles, torpedoes, and submarine-launched missiles.

In the fulfillment of its mission, the Pacific Missile Range's tasks are comprised of launching and tracking; collection, calibrating, processing, and dissemination of data; underwater, surface, and airborne instrumentation; and targeting requirements (including maintenance, launching, and operations).

The first launching of a missile from the Naval Air Missile Test Center (redesignated in December, 1958 as Pacific Missile Range) was conducted in January of 1946. In spite of its modest beginnings, the range's facilities and instrumentation evolved into a complicated and highly sophisticated network that extends beyond the Hawaiian Islands.

Early expansion of the range was through the acquisition of local offshore islands beginning with San Nicolas, then Santa Cruz and San Miguel. Initially San Nicolas Island was utilized as a weather station to provide hourly weather reports, but because of the test facilities, laboratories, communications network, and runways, its importance grew. In addition to meteorological tasks, San Nicolas Island now provides a remote site for technical support, data collection, electronic tracking and a safe base of operations for the launching and control of remote piloted vehicles (modified F-9 and F-4 aircraft).

For additional versatility, the Pacific Missile Range has utilized ships for instrumentation to supplement the Point Mugu complex and the extended ranges located in the Hawaiian Islands. These ships also served as recovery vessels for earth orbiting vehicles, both manned and unmanned.

In 1964, a PMR unit was established at Barking Sands on Kauai, in the Hawaiian Islands. It includes a three-dimensional underwater tracking range that is linked to the control facility at Barking Sands. This facility's capabilities were expanded to include the monitoring and

collecting of data from exercises utilizing airborne, surface, and underwater systems. This unique system provides the Pacific Fleet Operating Forces with a realistic evaluation and tactical training capability. The Barking Sands complex also provides guided missile and satellite tracking for the Department of Defense and other designated government agencies.

The Pacific Missile Range is involved in many types of research and development for programs sponsored by various federal agencies. In addition to these R&D programs, current Test and Evaluation projects at Point Mugu include the F-14 TOMCAT, the PHOENIX missile, and the HARPOON cruise missile.

2. Organization

a. Pacific Missile Range Command

The PMR complex, commanded by RADM J. M. Thomas, is comprised of four major organizations and various tenant activities. The major organizations are the Pacific Missile Range Directorate, Naval Air Station, Navy Missile Center, and PMR Facility, Hawaiian area. During the time period between February, 1975 and October, 1975, a major restructuring and consolidation of these organizations will occur. Figure 2 depicts the pre-consolidation organization. While the PMR funding policies and upper management are undergoing modifications, the basic mission and operations of the various departments or divisions are not expected to be significantly altered.

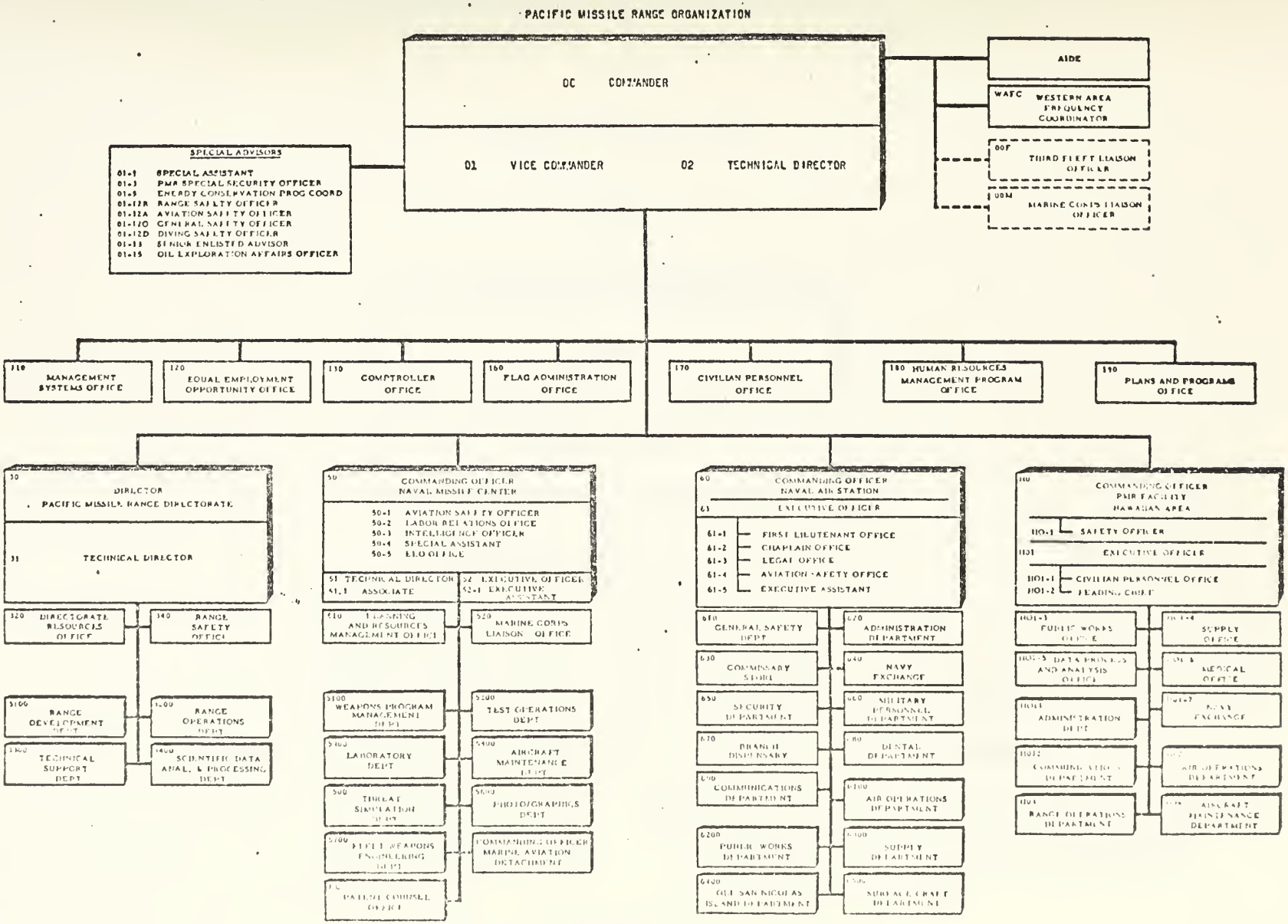


Figure 2
Pacific Missile Range Organization

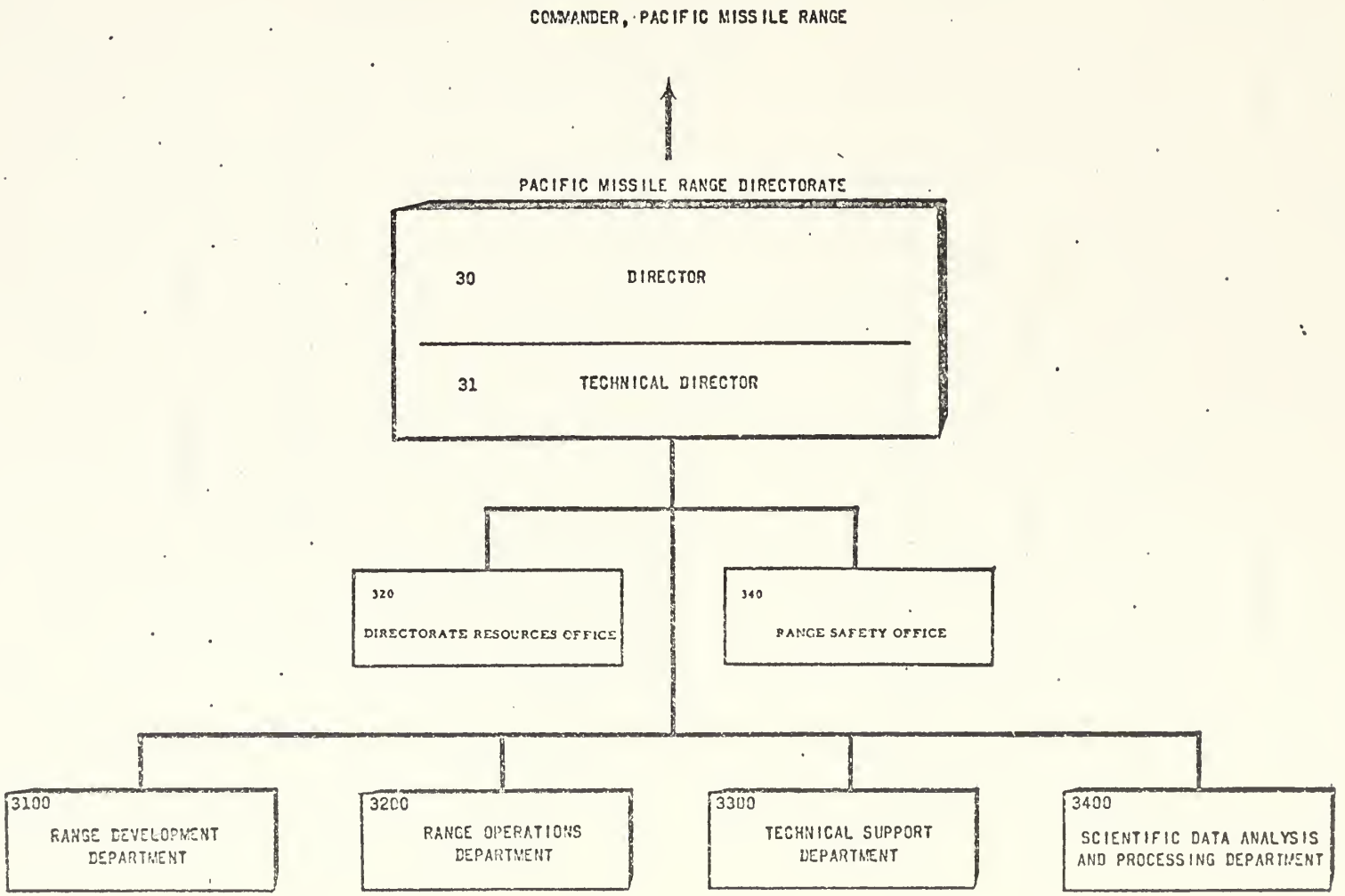


Figure 3
Pacific Missile Range Directorate

b. Pacific Missile Range Directorate

The PMR Directorate is composed of the Office of the Directorate, Resources Office, Range Safety Office and four departments: Range Development Department (3100), Range Operations Department (3200), Technical Support Department (3300), Scientific Data Analysis and Processing Department (3400). The number of personnel assigned to the various departments varies considerably because of operational functions, but the basic organization structure has remained the same prior to the proposed consolidation. The pre-consolidation structure of the PMR Directorate at Point Mugu is shown in Figure 3.

B. PROCEDURE

1. Background - MBO in a Non-R&D Department

NAVMAT Instruction 5200.37 of 24 September 1973 delineated goals and objectives for that organization and required all organizations within its command to establish MBO (Appendix A). In response to this instruction, the director of PMR hired Dr. Anthony P. Raia to conduct a one week seminar in MBO for the staff, department heads, and division heads of PMR. As a result of this seminar and in response to NAVMAT Instruction 5200.37, COMPMR Instruction 5400.5 of 21 June 1974 was written to define the long-range goals and strategic plans for the Pacific Missile Range. The instruction in its entirety is included as Appendix B. The broad goals which give long-range direction to PMR managers are in part as follows:

GOAL I Ensure that the Pacific Missile Range, a multi-purpose national test and evaluation facility, will be capable of safely and effectively supporting surface, air, space, and under-water RDT&E, OT&E, and other programs of the 1980 to 1985 time frame, by 1980.

GOAL II Within externally imposed constraints, provide effective support to range users in RDT&E, OT&E, and other programs.

GOAL III Improve planning and control procedures and practices.

GOAL IV By CY-81, meet the Department of the Navy program for employment and utilization of minorities and women in the PMR civilian work force.

PMR Instruction 5400.5 also required that all PMR Cost Center Heads undertake orderly implementation of MBO into their specific areas of responsibility. In response to this directive, only one department, the Supply Department, undertook installation of an MBO program, largely through the efforts of its Department Head, CDR J. K. Davis, who was the holder of an M.S. in management and was attending the executive training course at UCLA. The goals, objectives, and standards of measurement for the Supply Department, Division and Branch heads are presented in Appendix C. Although these results are encouraging, they apply only to the Supply Department, a department within the R&D organization, but one not engaged in R&D.

2. Original Plan of Implementation

The original contact with PMR personnel was through a PMR brief conducted at the Naval Postgraduate School, during which assistance was requested in establishing MBO at PMR. The original plan of implementation was to follow the top down approach as recommended by Drucker and Raia, et al, beginning with the Commanding Officer and proceeding down the chain of command as far as time permitted. The organizational attitude survey and MBO readiness questionnaire recommended by Wells and Felty [1974] was deemed unnecessary since PMR had requested installation of MBO and NAVMAT had made its use mandatory. Moreover, the time available for installation of the program was constrained to five months from the time of initial contact to graduation of the authors. The pilot program would, of necessity, be limited to initiation and implementation of short range goals and objectives. Follow-on studies could then review and appraise the attainment of these shortrange goals on a quarterly basis. Modifications are anticipated and eventually a long range, self-perpetuating program could be established similar in time frame to the five year defense plan (FYDP).

Reddin [1971] defines four methods for drafting the initial set of objectives. The first method is for the superior to simply hand the objectives to the manager. The second method is for the superior to draft them and then discuss them with the manager. The third method is for the manager to draft them initially and discuss them with his

superior. Lastly, the fourth and recommended method, is for the manager and an MBO specialist to draft the initial goals and then both the manager and the specialist meet with the manager's superior to discuss the goals [Reddin, 1971].

Two of the approaches have obvious deficiencies. In the first case, the manager does not develop his managerial ability or get involved. He simply carries out orders. In the second case, the superior may be immediately committed to defending his objectives and is less likely to accept ideas from his subordinate managers. This in turn may result in less participation on the part of the manager and thus little or no feeling of commitment on his part.

The third method is a more ideal situation, but assumes that the manager is experienced in goal setting and knows the overall goals of his organization. In this method the manager and his superior can both contribute to the goal setting function. The fourth method requires the MBO advisor to aid the manager in setting meaningful goals. The MBO advisor would then meet with the manager and his superior to help them compromise and arrive at a set of mutually acceptable goals. It is intended that the advisor act impartially and provide his expertise in attaining mutually acceptable goals with measurable standards of effectiveness.

Since PMR managers had attended the Raia seminar on MBO and had some expertise in goal setting, it was initially decided that a combination of methods three and four would be used. A work performance folder with its attendant

instructions (Appendix D) was intended to be the primary document used for implementation. This folder had been developed by Dr. G. L. Musgrave and Dr. R. S. Elster of the Naval Postgraduate School for use in an earlier MBO project at the U. S. Naval Supply Center, San Diego, California.

It had also been used by LCDR E. G. Wells and LT J. W. R. Felty in implementing an MBO project at a Naval Communications Station [Wells and Felty, 1974]. The folder was to provide a means for the individual manager to organize his personal plans and objectives as they relate to his job. It was originally intended that each manager was to complete one folder for himself and one for his subordinates in the chain of command. Each manager and his subordinate would then meet together with the MBO advisor to agree upon a compromise set of objectives for the subordinate which would be mutually agreeable. The agreed-upon set of objectives would then be recorded in smooth form in the folder and serve as a guideline for measuring objective attainment and managerial effectiveness. This would formalize the contract between the superior and the manager as is mandatory [Conley and Miller, 1973]. Progress toward attainment of MBO goals and objectives were then to be reviewed on a quarterly basis or more frequently if desired.

V. SETTING OBJECTIVES AND STANDARDS OF MEASUREMENT

A. REVISED PLAN OF IMPLEMENTATION

Five three-day visits to PMR were conducted by the authors. The initial visits to PMR were concerned primarily with familiarization with the facilities, the PMR mission, and PMR operations. Unfortunately, PMR was undergoing plans for consolidation with the Naval Missile Center (NMC) which is also located at Point Mugu. This consolidation would result in a change in the structure and mission of the upper echelons of management at PMR. The initial plan of establishing MBO from the top down was therefore abandoned. It appeared that the consolidation would not affect the autonomy, structure, or mission below the department level. The decision was therefore made to install the MBO pilot program at the Department Head and Division Officer level of management. Thus, the reorganization, when completed, would not require revision of the MBO program.

Department heads and division officers were interviewed to familiarize the authors with PMR and to facilitate the choice of the Department which would be used as the vehicle for the pilot MBO program. The interviews revealed these personnel to be highly creative individuals with impressive educational credentials, generally at the Masters and Doctorate level. They were most friendly and appeared to desire

communications on an informal basis as opposed to the use of titles or sir. They had command of a wealth of paperwork, data, and studies. In some cases, the propensity of paperwork and unrelated data seemed to obscure the central issue. In short, the atmosphere, informal structure, and individuals differed greatly from the authors prior experience which had been primarily in military fleet organizations. In these fleet organizations, the formal organization, the use of titles and punctuality were observed rigorously. The educational level was much lower. Paperwork, studies, and data were scant.

Since the intent of this thesis was to investigate MBO in an RDT&E organization, the Range Development Department was selected because its mission and function was primarily in RDT&E as opposed to support or data processing. The mission of the Range Development Department as specified in the PMR organizational manual is as follows:

> To plan, design, develop, prepare design criteria, install (or monitor installation), checkout and evaluate the subsystems, systems, launch complexes, technical facilities, and integrated range complexes necessary to accommodate and support current and long-range programs of the Pacific Missile Range, and to perform applied research in designated areas on new and novel instrumentation equipment [COMPMR Instruction 5451.1D, 1972].

The functions of the Range Development Department are in part as follows:

1. Develops technological improvements in keeping with the increasing sophistication of missiles and technical range programs.

2. Plans, designs and develops subsystems, systems, launch complexes, and integrated range complexes in support of range programs.
3. Develops design criteria for systems, subsystems, equipment and components to be provided by the Technical Support Department or through contract with private industry.
4. Develops design criteria and justifies technical facilities in support of range programs.
5. Monitors the procurement, installation, test and evaluation of technical range systems and components.
6. Provides engineering and technical consulting services related to range development.
7. Coordinates with the Range Safety Office and the Range Operations Department in the development of new range safety systems and in the development of safety requirements associated with the establishment of launch and facility sites.
8. Provides technical liaison relative to range development with Space and Missile Test Center and other agencies requiring the development and use of range facilities (Defense Atomic Support Agency, National Aeronautics and Space Administration, etc.).
9. Provides technical engineering support for the reconditioning, modification, equipping and checkout of instrumentation on Pacific Missile Range range ship(s).

B. EARLY PROBLEMS

Having selected the Range Development Department for initial installation of MBO, reappointments were made at which time the MBO folders were to be passed out. The initial interview revealed that certain recipients of this aid in establishing MBO were to be less than enthusiastic. The authors had unwittingly created an environment perceived as threatening by stating that they were there to set up MBO for the department. When queried further concerning the reason for establishing MBO, the authors further compounded the problem by stating that it had been required by higher authority for all commands under NAVMAT. At this point the engineering scientists displayed a degree of freedom and independence not typical of fleet military organizations. In a structured military organization, an order from higher authority is sufficient rationale for immediate action. However, with the engineering scientist, installation of MBO would have to be sold on its own merits. Distribution of the MBO folders was deemed impractical and the authors felt the need to gain more knowledge of the characteristics and motivation concerning engineering scientists engaged in R&D. The next section of this thesis describes some of the behavioral and motivational characteristics of the engineering scientist.

C. THE ENGINEERING SCIENTIST

1. The Creative Personality

Although all engineers at PMR are probably not creative personalities, the atmosphere and billet is such that it

attracts and stimulates the creative personality. Consequently, the ratio of creative personality types among the scientists and engineers at PMR is probably quite high at all levels.

D. W. MacKinnon observes that creative people are intuitive [MacKinnon, 1968]. Their perception of the world is intuitively-oriented as against sense-oriented. They feel with their minds rather than with their physical senses. They can grasp the long-range implications and possibilities of a course of action. Most of them can bridge the gap between the real world and the abstract theories.

R. E. Dutton states that creative persons are very perceptive and receptive [Dutton, 1972]. They are very much aware of what is happening in their environment and in many fields unrelated to their work. They seek to know as much as possible on as many subjects as they can. They are thirsty to learn.

Other characteristics of a creative person are those put forth by A. H. Maslow in his emphasis on mental health. He states that a healthy person can let himself go. He is free to be creative because he is not too concerned about his own inner conflicts. He can enjoy himself as he is. J. Senger reinforces this position when he states that the creative type is self-accepting, quite self-centered, and has a high ego strength. These characteristics lend to the independence and freedom required by the creative person which in turn help cast original perception and ideas. He further states that it is difficult to say whether the self-centeredness, ego strength and independence are a result of

flexibility of thought, or if these characteristics provide the environment from which flexibility is generated, but there does seem to be definite interaction among these factors [Senger, 1974].

Lack of concern with punctuality is also a function of the fact that the creative process is not turned on and off by the clock. D. W. MacKinnon states that the creative person's method of solving a problem is by going through periods of time where they use concentrated efforts on the problem, examining it under every angle and formulating unique alternatives. These alternatives are correlated with reality, evaluated, and developed fully. These efforts may spread, sometimes, over a period of months. Sometimes weeks go by during which the creative person is frustrated and tension builds up. At other times, the whole process is achieved in a matter of hours and the creative person is ready to call it a day [MacKinnon, 1968].

2. The Creative Environment

John W. Haefile in his book, Creativity and Innovation, outlines the basics of a creative environment in the organization as being: (1) alternative goals, (2) recognition, (3) use, (4) freedom, (5) services, and (6) selection and training [Haefile, 1963].

Alternative goals refer to the problem of a creative employee, a research scientist for example, who is promoted out of his creative job and is made an administrator. Highly creative employees must have avenues of promotion where their creative talents can be utilized for their entire careers.

The pride of creation demands recognition. "It is recognition and credit which say, the basic idea behind this achievement was yours, and all know it, and recognize the part you have played in it." [Haefile, 1963].

A part of the creative climate is that the results be used. The employees must feel that his work will eventually be implemented.

The creative individual craves a permissive atmosphere, while the threatened person emerges from an atmosphere of functional fixedness. Functional fixedness is the idea of status quo or inability to see objects or to associate ideas and factors in new relationships [Niemann, 1970]. Creative people chafe under the discipline and the rigid requirements of a bureaucratic administration. They resent having to punch time clocks, take regulated coffee breaks or lunches, or even having to come and leave at fixed times every day. The creative worker must have permission to try out his ideas and the freedom actually to do so.

Services must be available to the worker to test his ideas. These include the library, efficient files, available information, secretarial support, etc..

Selection and training of potentially creative employees are also part of the climate. During his training, the individual must be made to feel that the organization wants him to be creative.

3. The Creative Organization

What can the organization do to encourage this climate and not stifle creativity? Getting the greatest creativity

without sacrificing control is the key here. Tingey and Vibber outline four means which may serve to develop an environment which can lead to increased creativity.

1. The organization must allow people to act more freely. Creative people react differently than others to the same social forces. They must be allowed to react in their own ways to develop their ideas.

2. Managers must welcome disagreement and contrary viewpoints. For growth to occur, risk and challenge are essential, and controversy is, therefore, inevitable. Managers who insist on yes men, who are guaranteed not to rock the boat, stifle the creative person.

3. The creative worker must be made responsible for the changes he suggests. He must become involved with the ideas of others so that the whole organization will not resist change.

4. Communications must be improved. Often the ideas of an employee never reach the authority figures in the organization who have the power to implement the idea [Tingey, 1968].

John F. Patrick, in an article entitled, "Organization Climate and the Creative Individual," examines how organizations must shape their policies from the total organization, from the top level, and from the immediate supervisor level.

> The general objectives of a creative climate are to encourage more creative thinking about organizational problems; insure that new or original ideas are never turned away without serious consideration; and provide the training, indoctrination, and encouragement necessary to assist

> individuals in thinking creatively about everything the organization does or may do. Building this climate will serve the needs of both the organization and the individual. [Patrick, 1970].

D. FINAL PLAN OF IMPLEMENTATION

Armed with new knowledge concerning the motivations of the engineering scientist, the authors turned to PMR determined to create and operate in a permissive, creative environment. The authors strove for a low threat environment by stating that they were thesis students from the Naval Postgraduate School conducting a study concerning MBO. MBO would be established in their department as a pilot program, but the result would not be forced on them. If MBO proved to be valuable, they could use it. Otherwise, it could be discarded. Setting of goals and objectives would not require additional paperwork on their part, but would be accomplished in face to face interviews between the managers and the MBO advisors.

The reception was much more encouraging. Some division heads cancelled appointments and devoted several hours to discussing their jobs as they saw them, to setting goals and objectives, to trying to establish measures of performance, and to discussing problem areas somewhat unrelated to MBO. One division head was a recent graduate of an M.S. program in management and the lengthy time devoted to discussion of MBO was mutually instructive and most helpful. It seems that much of the initial resistance was not only resistance to change and a perceived threat, but arose from previously abortive attempts to force management systems on PMR managers.

One such attempt had been made by a nationally known consulting firm at great expense, but had resulted in little usable data because the consultants had alienated PMR personnel. Originally, the authors had been thought to be associated with the previous effort and this accounted for much of the initial resistance.

Having at last overcome most initial resistance, the problem of establishing goals and objectives, and standards of measurement was begun on a face to face informal basis. This proved to be a very time consuming and difficult task. Much of the R&D work was of an innovative nature which was difficult to define and even less measurable than most other job objectives. The division head who was a recent graduate of an M.S. program in management was again most helpful. A large amount of time and a great deal of mutual effort was expended in establishing goals and objectives and standards of measurement for his division. These in turn served as a model and source of encouragement for other divisions.

Even so, some division officers were unable or unwilling to dedicate the time required to this task and expressed a desire for the authors to prepare a first draft which the managers would then critique. The authors were forced at great expense in time to review organizational directives and talk to other experienced personnel to gain enough knowledge to prepare a first draft for those divisions. Once this draft was prepared and presented to the division officers, it precipitated much more participation, particularly when

they disagreed with the draft. The division officers' goals and objectives and standards of measurement were then finalized at a meeting with the department head. The agreed-upon product was typed in smooth, inserted in MBO notebooks and presented to the department head and division heads.

VI. RESULTS

A. GOALS, OBJECTIVES, AND STANDARDS OF MEASUREMENT

The goals and objectives and standards of measurement for the Range Development Department are as follows:

GOAL 1: Implement a planned program of range improvement, modernization, and development within the established schedules and resource allocations.

OBJECTIVES	MEASUREMENTS	RESULTS	SUGGESTED IMPROVEMENTS	COGNIZANT DIVISION
1. Develop a program to improve and modernize the existing range instrumentation system at a cost of 1.5 M.	Approval of Code 30 not later than 20 Sep 1975 at a cost of less than $1.5 million			Code 3100-3
2. Incorporation of above program by following divisions:				
a. Plan and Provide initial spares	Adequate supply of spare parts by 1 Oct 1975			Code 3120
b. Extended Area Instrumentation System (EAIS)	Successful Test of EAIS by 1 Oct 1975			Code 3140
c. Bottom Survey for Underwater Range Extension (BSURE)	Successful Test of BSURE by 1 Oct 1975			Code 3140
d. Target Control System	Positive Control of Target by 1 Oct 1975			Code 3140
3. Accomplishment of specific range milestones as set forth in the following matrix.				

GOAL 1: (cont.)

OBJECTIVES	MEASUREMENTS	RESULTS	SUGGESTED IMPROVEMENTS	COGNIZANT DIVISION
3. (cont.)				
a. Full operational capability for ANADS	Certification by 1 July 1975			Code 3140
b. Award of EAIS contract	Award Contract by 1 July 1975			Code 3140
c. Complete in water testing of BSURE System	Successful test by 1 June 1975			Code 3140
d. Obtain Contract for initial target control system components	Obtain Contract by 1 June 1975			Code 3140
e. Complete implementation of HANGBARSAN FPS-20 Video data trans	Successful Test by 1 July 1975			Code 3130
f. Complete implementation of Laguna Peak/Point Mugu Microwave System	Successful Test by 1 July 1975			Code 3130

GOAL 2: Provide improved workload and resource management procedures.

OBJECTIVES	MEASUREMENTS	RESULTS	SUGGESTED IMPROVEMENTS	COGNIZANT DIVISION
1. Provided revised workload management procedure IAW current resource management system of command fiscal reporting procedures.	Issue of revision of RD (Resource Development) instruction 5200.5 by 1 Dec 1975			Code 3100-2

GOAL 2: (cont.)

OBJECTIVES	MEASUREMENTS	RESULTS	SUGGESTED IMPROVEMENTS	COGNIZANT DIVISION
2. Provide RD performance measurement procedures	Issue new RD performance measurement procedures instruction by 1 Jan 1975			Code 3100-2
3. Complete conceptual design of an effective data base management information system to support Department management activities	Dept approval (Code 30) of system description and performance definition by 1 August 1975			Code 3100-2

GOAL 3: Develop and implement an improved Human Resources development and utilization program.

OBJECTIVES	MEASUREMENTS	RESULTS	SUGGESTED IMPROVEMENTS	COGNIZANT DIVISION
1. Develop a three year manpower requirement forecast which identifies the numbers and skills of civil service employees and supporting contractor resources to carry out projected workload effectively	Publication of Forecast by 1 Aug 1975			Code 3100-1

GOAL 3: (cont.)

	OBJECTIVES	MEASUREMENTS	RESULTS	SUGGESTED IMPROVEMENTS	COGNIZANT DIVISION
2.	Develop an effective career development and training program, including career counseling, executive development, management training, career development, and job enrichment	Publication of the program plan by 1 Oct 1975			Code 3100-1
3.	Develop an approach and implement a program to encourage the exchange of personnel in the Dept to achieve cross training and experience enrichment in both technical and managerial fields.	Establish program by 1 Dec 1975 5% of personnel interchange per annum thereafter			Code 3100-1

The finalized goals and objectives and standards of measurement for one division, the Facility Development Division, are presented as an example.

GOAL I: Plan and evaluate spares that will be required for all new systems.

OBJECTIVES	MEASUREMENTS
1. Plan and Evaluate spares for a. BSURE b. EATS c. plus 298 other systems	Within budget and within time limit. Consult computer oriented MIS for monthly print out on individual project.

GOAL II: Procure and provide spares that will be required for all new systems.

OBJECTIVES	MEASUREMENTS
Procure and provide spares for a. BSURE b. EATS c. 298 other systems	Within budget and within time limit. Consult computer oriented MIS for monthly print out on individual project.

GOAL III: Compile development of range reorientation implementation planning resulting from OIL ENCROACHMENT.

OBJECTIVES	MEASUREMENTS
1. Identify all real restraints imposed by oil encroachment under a. Partial operations b. No operation	Identify by 1 July 1975

GOAL III: (cont.)

OBJECTIVES	MEASUREMENTS
2. Establish viable alternatives	Complete by 1 Dec 1975.

The pilot MBO program attempted to minimize increased time pressures and paperwork by thorough integration with existing management systems. As a result, standards of measurement of the attainment of objectives for three hundred individual projects use the existing computer oriented management information system which is published monthly on microfische. As an example, the budgetary progress of the BSURE system is presented as Figure 4.

B. LONG RANGE SUCCESS

Prediction of the ultimate success or failure of MBO at PMR is presently premature since the pilot program is just entering the implementation and self control stage and has not yet reached the review and appraisal stage. Preliminary data gathered from survey sources indicate, however, that the initial hostility toward installation of a pilot MBO program has diminished. The present atmosphere appears conducive to the installation of an informal MBO system which utilizes as much of the present management and information systems as possible. Another indicator of the favorable atmosphere is demonstrated by the increased interest of other divisions outside the pilot program. Several divisions within the Range Operations Department have requested

RANGE DEVELOPMENT DEPT

BSURE

Project Management

Gross Charges

Project C35

Data as of Dec 14, 1974

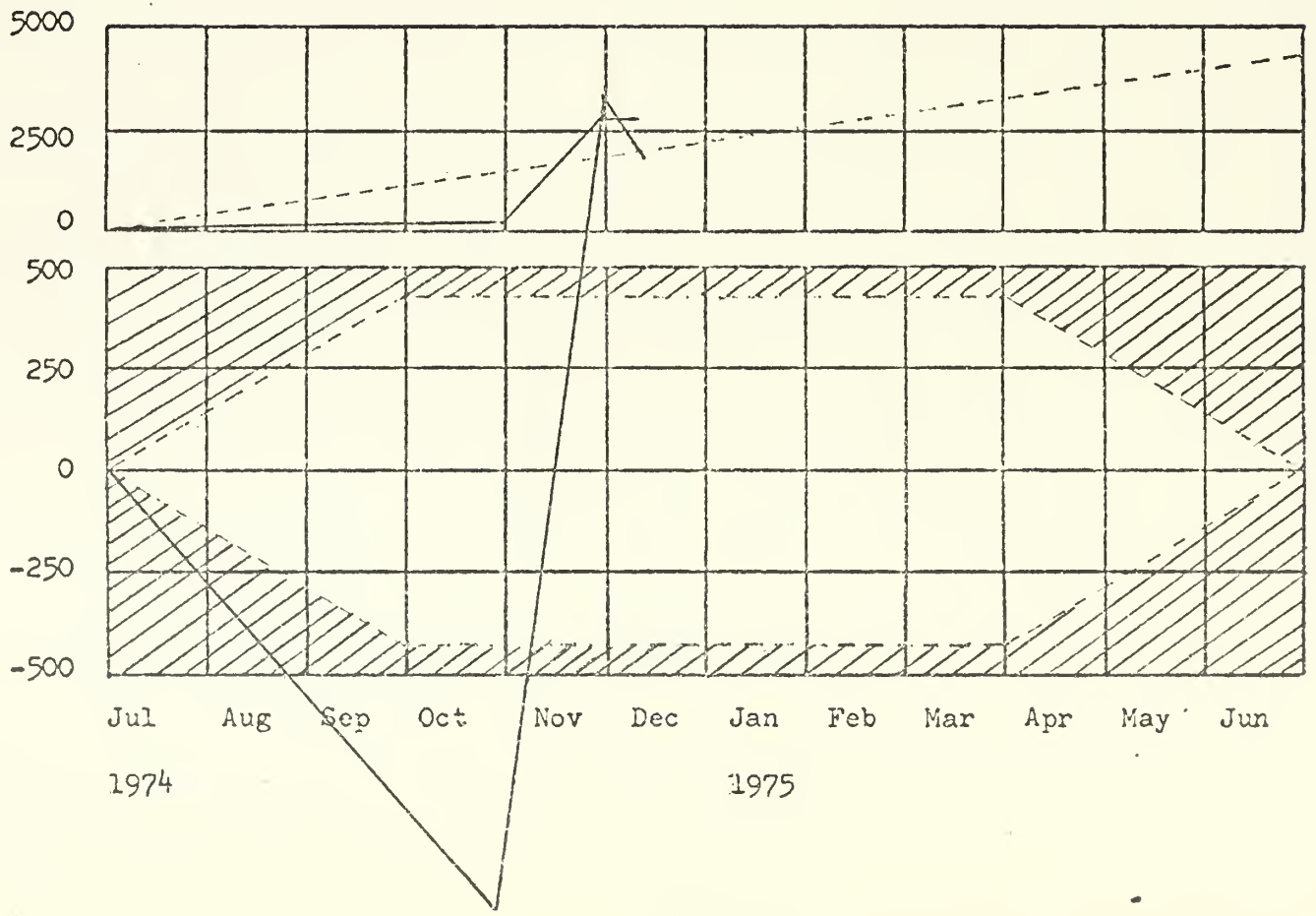


Figure 4.

assistance from the authors in establishing their own MBO programs. Time constraints precluded this aid, but this would appear to be a fertile field for future research, as would monitoring of the progress of the present pilot MBO program within the Range Development Department.

VII. DISCUSSION

A. EARLY PROBLEMS

1. Reorganization of PMR

The consolidation of PMR and NMC was of course a problem unique to the environment at PMR. It precluded use of the cascade approach to goal setting [Raia, 1974] and necessitated starting at the departmental level which was the highest autonomous level of management which would not be affected by the reorganization. Nevertheless, the ensuing consolidation was sometimes used as an excuse for not wishing to participate in the MBO program. In all fairness, one cannot be expected to participate wholeheartedly in a new program, if that program might soon be eliminated in a reorganization.

2. Resistance to Initial MBO Program

Resistance to change is to be expected. However, resistance to MBO was greater than that normally encountered due to the initial ineptitude of the authors in dealing with the personalities and motivation of the engineering scientist, which differ greatly from those of the U. S. Navy line officer. When installation of MBO was no longer perceived as a threat, resistance decreased. An additional factor was identification of the MBO program with previous abortive and expensive efforts by civilian consulting firms to establish and enforce inappropriate management systems on PMR personnel.

B. PROBLEMS IN INSTALLING THE MBO SYSTEM

1. Increased Time Pressures

Managing by objectives requires time for setting and reviewing objectives, for action planning, and for reviewing progress. Additional time pressures will be created if MBO is simply added to everything else that managers must do [Raia, 1974]. Every effort was made to integrate MBO on an informal basis with existing management information systems in a manner that would require a minimum of additional time. Even so, it was difficult to find the additional time required for interviewing managers, and many previously arranged appointments were cancelled due to the pressures of the moment. In all fairness, it must be noted that the reorganization of PMR abnormally constrained the time available for interviewing managers, since their participation was required in numerous additional and often impromptu meetings concerning the reorganization.

2. Increased Paper Work

There is also the danger of increasing the paper work burden on the already overloaded manager. Every effort was made to integrate MBO on an informal basis with existing reporting systems. As an example, the MBO standards of measurement for monitoring three hundred programs in the Range Development Department utilizes the time and budgetary print outs from the existing computer-oriented management information system. An example of these printouts for the BSURE programs is shown in Figure 4 on page 53.

3. Lack of Individual Motivation

The range of motivation encountered at PMR varied from unbridled enthusiasm to complete lassitude. The key to increasing motivation appeared to lie in educating the individual in MBO, showing him "what's in it for me," and involving him in the planning and implementation of the change to MBO. This is a time consuming and somewhat frustrating process and was not accomplished in all cases. However, overall at PMR, the percentage of motivated individuals was quite high and it would appear that the innovative nature of R&D carries over into a rather tolerant acceptance of new programs. Many division officers outside the present MBO program have, of their own volition, requested aid in establishing their own MBO programs.

4. Difficulty in Establishing Goals and Objectives

Establishing quantifiable goals and objectives is always somewhat difficult and the problem is compounded in the R&D organization. Although a part of the work of scientists and engineers is of a routine nature, much of it involves innovation. R&D objectives for work of an innovative nature were often difficult to define and even less measurable than most other job objectives.

C. EXISTING PROBLEMS

1. Students Outside the Organization

Every effort was made to make PMR personnel feel that MBO was "their" program by encouraging their participation and involvement. However, in order to reduce the perceived

threat, it was necessary to admit that the authors were thesis students and their recommendations were not mandatory. In some cases, it was necessary for the authors to prepare a first draft of the objectives and standards of measurement in order to get the job done. In these few cases, the managers do not feel that MBO is their program and the MBO project is considered a student research project and will probably not be used.

2. Resistance to Formal Management and Control

Much of the R&D effort is innovative and highly technical in nature. As such, it requires highly professional skills and a creative personality. This personality is highly resistant to any kind of formal management and a formal MBO program is difficult to initiate.

3. Need for Additional Training

Although PMR managers have had some informal MBO training and a week of formal MBO training, almost all managers who had not been attending regular college management courses expressed a desire for further training. Specific areas of concern were in the expression of key performance objectives in concise terms, in developing interpersonal skills, in counseling, and in giving and receiving feedback.

4. Need for a Better Management Information and Data System

The amount of studies, data, and paper work at PMR is impressive. However, a frequent complaint was that the managers often were overwhelmed by the volume and form of the data. Although there is a computer oriented management

information system, the system appears to produce a great volume of information which is in a format which is incomprehensible to the managers. The result in the words of one PMR scientist, is that "PMR overmanages the noise and undermanages the signal."

5. Lack of Firm Fiscal Commitments from Higher Authority

The budget for PMR as for all R&D activities is appropriated for each individual program, by higher authority, on a fiscal year basis. Program managers complained that there was seldom a concrete commitment adhered to for the program as a whole. Arbitrary cuts were made throughout the year without consultation with the program manager. In some cases, it had even been necessary to take personnel off programs in the last quarter of the fiscal year, and then attempt to hire them back on the program when the new budget was approved at the beginning of the new fiscal year. This continually fluctuating budget is counter productive and makes planning ineffective and frustrating.

D. R&D CHARACTERISTICS FAVORING MBO

1. Willingness to Accept Participative Management

There may be no place for participative management in a combat environment, but there is ample time and need for it in a RDT&E activity. PMR has correctly rejected the need for unquestioning obedience to orders and realizes that the organization needs subordinates who think and participate. Since MBO relies heavily on participative management, the

acceptance and existing use of participative management is of great value to establishing an MBO program.

2. Management Style in Consonance with MBO

Having accepted participative management, the managers at PMR give and receive feedback from subordinates frequently. It is not uncommon for a subordinate scientist to have greater technical skills, or at least be better informed in some phases of the research project, than his supervisor. Thus, the supervisor's contacts with his subordinates are much more consultive and less directive than those of supervisors in production or process-oriented activities. Weekly department and division meetings are held in which the flow of information is two ways. Frequently, brainstorming techniques are used with no structure, formality, or restrictions.

3. The Engineering Scientist

Although the personality of the engineering scientist often resists formal management and control, MBO concepts can be applied more informally in such a highly technical, professional group with satisfactory results. The intelligence, previous education, and self-discipline of the engineering scientist is impressive. He understands and grasps concepts quickly. Because an informal MBO approach is largely a self-managing technique, it permits the engineering scientist to be left alone while actually working. MBO meets the personal needs of the engineering scientist for self-direction while being geared to the output needs of the organization.

VIII. SUMMARY AND CONCLUSIONS

Raia [1974] states that effective implementation of an MBO system requires three to five years. Since the purpose of this thesis was the initial installation of a pilot MBO system, any firm statement as to the ultimate effectiveness of an MBO system throughout the entire organization would be premature. Preliminary data indicate, however, that the concept of MBO can be effectively applied to an RDT&E activity. Within the RDT&E organization, there are many departments which are engaged in non R&D activities, such as data processing, production, or supplying material resources. In these departments the traditional approaches to MBO suggested by Drucker, Humble, Raia, et al may be used. However, in the departments engaged in pure R&D, it is evident that the basic difficulties normally found in instituting a formal MBO program are compounded. Although a part of the work of scientists and engineers is of a routine nature, much of it will involve innovation. R&D objectives for work of an innovative nature are often difficult to define and even less measurable than most other job objectives. Moreover, the work, by its innovative, highly technical nature requires highly professional skills and a creative personality. This personality is highly resistant to any kind of formal management and control and a formal MBO program will be difficult

to initiate. However, MBO concepts can be applied more informally in such a highly technical, professional group, with satisfactory results. In this regard, an informal MBO approach seems to lend itself to management of R&D more than any other management approach. Because an MBO approach is a largely self-managing technique, it permits R&D personnel to be left alone while actually working. It is geared to the output needs of the organization while at the same time it meets the personal needs of the engineering scientist for self-direction. The basic Theory Y, participative leadership style of management is in most cases already present in the R&D organization. Putting MBO to work in an R&D organization is largely a matter of explanation and persuasion, using a participative style of leadership to establish broad informal goals and objectives, and of designing a performance appraisal system based on output oriented criteria which have been previously agreed upon.

IX. FURTHER RESEARCH

The purpose of this thesis was to establish a pilot MBO program at PMR and to determine its feasibility in an R&D organization. Since MBO appears to be feasible in R&D, the requirement exists to establish MBO throughout PMR. Requests have presently been received from several divisions within the Range Operations Department for aid in establishing MBO. Mr. Lee Bryant has stated his desire for continued assistance from the Naval Postgraduate School in this and other areas. He further states that funding is available. In addition to establishing MBO within the existing structure of PMR, there will be an opportunity in the future to establish MBO for the new organization which results from the proposed consolidation of PMR and the Naval Missile Center. It should also be emphasized that due to time constraints, the pilot MBO program has only been initiated. Continuing research is therefore needed concerning the implementation, review, and appraisal of the pilot MBO program to assure it continuing use, acceptance, and modification where necessary.

APPENDIX A

DEPARTMENT OF THE NAVY
HEAD, NAVAL MATERIAL COMMAND
WASHINGTON, D. C.

NAVMATINST 5200.37
051/JWB
24 September 1973

NAVMAT INSTRUCTION 5200.37

From: Chief of Naval Material

Subj: NMC Management by Objectives (MBO) Program

Encl: (1) Draft Secretary of the Navy Goals
(2) Procedures

1. Purpose. To establish a formal program for relating NMC efforts to the Management by Objectives concept.

2. Discussion

a. The Secretary of the Navy has established eleven tentative major goals (enclosure (1)) on which top management attention will be focused during the coming year.

b. The Naval Material Command has several systems for managing by objectives. Among these are the NMC Fleet Support Improvement (Red Ball/Black Ball) Program, the management information system for selected project managers, and the system for monitoring Shore Establishment Realignment actions. The Management by Objectives (MBO) Program will provide a formal system for relating these efforts to the SECNAV goals and will provide visibility to other results-oriented objectives which are not now centrally monitored.

3. Information

a. Current management and reporting systems will continue to operate in accordance with pertinent directives.

b. Each Systems Commander and Deputy Chief of Naval Material will develop a system for monitoring significant objectives of his organization which are not now covered by an existing system.

c. Important objectives which merit the personal attention of the Chief of Naval Material will be monitored at the CNM level. Each Systems Commander will recommend five to ten of his most important objectives for CNM monitoring; each Deputy Chief of Naval Material will recommend three to five.

4. Criteria for Objectives. Objectives should be major initiatives on which measurable results will be achieved within a single fiscal year. However, longer term efforts up to eighteen months are acceptable. Each objective will be keyed to one of the SECNAV goals in enclosure (1) and will be supported by a major milestone plan.

5. Establishment of Objectives

a. Objectives, and detailed plans to accomplish them, should be established well before the beginning of the fiscal year. Recommendations of major objectives for CNM monitoring will be made to the Chief of Naval Material (MAT 05) by 1 June of each year. MAT 05 will complete its review by 15 June, after which the Vice Chief of Naval Material will meet with each Systems Commander and Deputy Chief of Naval Material to approve his major objectives.

b. The FY 1974 objectives which the CNM will monitor have been selected from SYSCOM and Deputy responses to CNM memorandum of 4 September 1973.

6. Reporting. Each Systems Commander and Deputy Chief of Naval Material will report on the progress/status of objectives selected for CNM monitoring.

a. Quarterly reports will be submitted for all CNM-monitored objectives by the 10th day following the end of the calendar quarter. (However, the first quarterly report on FY 1974 objectives will be due on 10 November vice 10 October.)

b. Situation reports will be submitted as required, when a milestone has been slipped, or when a problem develops which threatens the accomplishment of an objective.

7. Procedures. Enclosure (2) provides detailed procedures for recommending objectives for CNM monitoring and for preparing progress/status reports.

8. Display. A central display and information system will be maintained in the NMC Command Center showing the status of all objectives selected for CNM monitoring.

9. Action

a. All Systems Commanders and Deputy Chief of Naval Material shall take the necessary action to accomplish the responsibilities assigned in this instruction.

b. The Deputy Chief of Naval Material (Management and Organization) shall coordinate the operation of NMC Management by Objectives Program.

c. The Deputy Chief of Naval Material (Operations) shall establish and maintain a central display and information system for monitoring objectives.

d. All Systems Commanders and Deputy Chiefs of Naval Material shall designate a point of contact for the Management by Objectives Program to the Chief of Naval Material (MAT 05).

10. Reports and Forms

a. Reports. Reports Controls Symbol 5200-26 is assigned for reports required under this instruction.

b. Forms. NAVMAT Form 5200/1 will be stocked by users. Initial stock may be obtained from the Management Division (MAT 051).

/ s /
K. R. WHEELER
VICE CHIEF OF NAVAL MATERIAL

Distribution:
FKA1 (SYSCOM's)
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Copy to:
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5601 Tabor Ave.
Philadelphia, Pa. 19120

20 June 1973

DRAFT

Secretary of the Navy Goals

1. Improve active force readiness.

2. Achieve further modernization of forces.

3. Increase emphasis on reserve force role and upgrade reserve force capabilities.

4. Support the development of increased allied force capabilities in furtherance of the total force concept.

5. Improve control over weapons systems acquisition.

6. Continue to align the support establishment to achieve maximum efficiencies while fully supporting the needs of the operating forces.

7. Strengthen management within the DON through the use of new or improved management practices.

8. Achieve improved manpower management at all levels.

9. Meet the challenge of achieving an All-Volunteer Force.

10. Improve human goals programs.

11. Continue essential environmental improvement and energy conservation programs.

APPENDIX B

DEPARTMENT OF THE NAVY
HEADQUARTERS
PACIFIC MISSILE RANGE
POINT MUGU, CALIFORNIA 93042

COMPMRINST 5400.5
01
21 June 1974

COMPMR INSTRUCTION 5400.5

From: Commander, Pacific Missile Range

Subj: Pacific Missile Range Command Goals and Objectives

Encl: (1) PMR Command Goals and Objectives.

1. Purpose. To promulgate the Pacific Missile Range (PMR) Command Goals and Objectives

2. Background. In order to provide an improved basis for the selection and application of resources, as well as a guide for the formulation of long-and short-range plans, policies, and procedures, the Command Goals and Objectives listed in enclosure (1) were developed through a combination of iterative seminar and ad hoc committee meetings. The goals are intended to provide parameters which will help plan for and guide the operation of the organization. Goals in turn must be translated into specific objectives that are meaningful and verifiable, through a process consisting of a series of interrelated steps:

a. The formulation of clear, concise statements of objectives.

b. The development of realistic action plans for their attainment.

c. Initiation of action.

d. The systematic monitoring and measuring of performance and achievement.

e. The taking of corrective action necessary to achieve the planned results.

It is intended that Command Goals and the major associated objectives be formally reviewed and reissued early in the fourth quarter of each fiscal year with such changes or refinements that may be required.

3. Action. Following are minimal actions which should be undertaken to promote an orderly implementation of this initial management by objective effort:

a. Responsibility Center Heads; the Vice Commander, PMR; the Director, PMR Directorate (PMRD); Commanding Officer, Naval Air Station (NAS) Point Mugu; and Commanding Officer, PMR Facility (PACMISRANFAC), shall expand the application of this technique into their specific areas of responsibility.

b. Cost Center Heads should take an active role in developing further objectives and measures of achievement applicable to their specific cost centers, as well as promoting effective implementation of the Command Goals and Objectives.

c. The Vice Commander, PMR, is responsible for initiating the fourth quarter formal review of Command Goals and Objectives.

d. Organizational units indicated in enclosure (1) take the lead in ensuring that adequate effort is devoted toward achieving these Command Objectives. In addition, the

COMPMRINST 5400.5
21 June 1974

Executive Board, at its first meeting scheduled each month, will be advised of the progress made toward meeting each of the objectives by the organization assigned lead responsibility. This review will provide the status against the measures defined for each objective as well as highlight deviations from planned activities, corrective actions underway or to be taken, etc.

W. M. HARNISH

Distribution:

B-1
C-1
E-1
HO (5)

Copy to:
CO NAVMISCEN

PMR COMMAND GOALS AND OBJECTIVES

GOAL I Ensure that the Pacific Missile Range, a multi-purpose national test and evaluation facility, will be capable of safely and effectively supporting surface, air, space, and underwater RDT&E, OT&E, and other programs of the 1980 to 1985 time frame, by 1980.

GOAL I - OBJECTIVES:

I-1 Ensure the technological capability of existing range instrumentation through an annual improvement and modernization program of not less than $1.5M/annum.

Measure: Approved and successfully executed improvement and modernization budget of not less than $1.5M/annum.

Lead: Code 30

I-2 Implement an annual procurement program for new range instrumentation of not less than 8% of the PMR institutional budget.

Measure: Approved and successfully executed range instrumentation budget of not less than 8% of the PMR institutional budget.

Lead: Code 30

I-3 Complete the actions specified in the following table within the indicated time frame:

Action	To be achieved
a. Achieve full operational capability for Ambient Noise and Data System (ANADS), including certification, staffing, and training.	1 July 1975
b. Obtain contract(s) for development and implementation of the Extended Area Instrumentation System (EAIS), based on use of P3 aircraft in order to complete implementation and have an operational EAIS by 1 Jan 1980.	1 Sep 1975
c. Complete testing of prototype Barking Sands Underwater Range Expansion (BSURE) System in order to complete the approved expansion of the underwater range at PACMISRANFAC by 1 June 1978.	1 May 1975
d. Obtain contract(s) for Initial Integrated Target Control System (ITCS) implementation at PMR in order to complete the directed replacement of existing target control systems with new C-Band system utilizing ITCS hardware by 1 Jan 1977.	1 Dec 1974
e. Obtain Contracts for FY 1976 MCON program to provide relocated instrumentation on SNI and SRI and target support facilities on SNI in order to complete the development and relocation of instrumentation systems and facilities to accommodate reorientation of range operating areas resulting from oil encroachment by 1 Jan 1977.	1 June 1975

Action	To be achieved
f. Issue the Request for Proposals for centralized Data Processing system in order to implement a centralized data processing and reduction center by 1 Jan 1980.	1 Dec 1974
g. Complete system conceptual design and implementation plan for range improvements to support the requirements for testing of highly maneuverable weapon systems against highly maneuberable targets in order to implement sensor, display, command, and processing modifications to achieve an operational Air Combat Maneuvering Test System (ACMTS) by 1 Jan 1980.	1 Dec 1974

Measure: Successful achievement of actions indicated within time specified

Lead: Code 30

GOAL II: Within externally imposed constraints, provide effective support to range users in RDT&E, OT&E and other programs.

GOAL II - OBJECTIVES:

II-1 Identify and justify the requirements for institutional funding necessary to provide National Range support during FY-75 and FY-76.

Measures:

a. Well documented and executed PMR financial plan for FY-75.

b. Well documented budget submission for FY-76.

c. Development and implementation of a plan for documenting requirements by increasing and making more effective communications with range users and prospective range users.

Lead: Code 130

II-2 Implement direct cost funding during FY-75.

Measure: Publish workplan and accomplish workplan milestones.

Lead: Code 130

II-3 Minimize the impact of oil, air, and other encroachments upon the ability to support RDT&E, OT&E, and other programs.

Measures:

a. Identification of specific initiatives to be taken to preclude or limit future encroachment.

b. Degree of success in having PMR position on individual encroachment threats accepted by other agencies.

Lead: Code 30 on offshore matters.
Code 60 on mainland station aspects.

II-4 In coordination with Responsibility Center Managers, identify and implement improvements in organization and staffing which will increase functional efficiency while maintaining effective support to range user and tenant requirements. Identification to be completed by 1 Jan 75, and implementation of recommended changes by 1 July 75.

Measures:

a. Executive Board approval of the study recommendations.

b. Completion of implementation of organizational and staffing changes approved.

c. Impact of performance measures of specific organizations involved in the identified changes.

Lead: Code 190

II-5 Revise the PMR, NAS, and PACMISRANFAC mission and function statements to reflect identified organizational alignments and obtain approval as required, during FY-75.

Measure: Approval and promulgation of revised mission and function statements.

Lead: Code 01-1

GOAL III: Improve planning and control procedures and practices.

GOAL III - OBJECTIVES:

III-1 Develop goals and objectives at the Responsibility Center level by 1 Jan 75 and at the Cost Center level by 1 Jul 75.

Measure: Approval and promulgation of Responsibility and Cost Center goals and objectives.

Lead: Individual Responsibility Centers.

III-2 Develop and implement performance measures at the Responsibility Center and the Cost Center level by 1 Jul 75.

Measure: Completion of the development and implementation of selected performance measures at Responsibility and Cost Centers.

Lead: Code 110

III-3 Develop and install an improved planning system for PMR by 1 Mar 75.

Measure: Achievement of the milestones defined in the Planning System Implementation Action Plan.

Lead: Code 110

GOAL IV: By CY-81, meet the Department of the Navy Program for employment and utilization of minorities and women in the PMR civilian work force.

GOAL IV - OBJECTIVES:

IV-1 Execute CY-74 Regional Affirmative Action Plan (RAAP).

Measure: Execution of the Plan.

Lead: Code 120

IV-2 Issue CY-75 RAAP not later than 15 December 1974.

Measure: Promulgation of a Commander, PMR, approved CY-75 RAAP

Lead: Code 120

GOAL V: Design and implement a "Human Resources" Development Program by 1 Jul 75.

GOAL V - OBJECTIVES:

V-1 Develop and publish by 1 Jul 75 a three year manpower requirement forecast with numbers and skills of civil service and military personnel.

Measure: Timely publication of a realistic and useful manpower forecast.

Lead: Code 190

V-2 Design, publish, and implement an executive development and management training program by 1 Jul 75.

Measure: Publication of the executive and management development program.

Lead: Civilian Personnel Advisory Board.

V-3 Develop and implement a pilot program to improve mission accomplishment through job enrichment and improved work processes during FY-75.

Measure: In progress pilot program.

Lead: Code 170

V-4 Develop and implement a comprehensive Command training program by 1 Jul 75, designed to insure career development and upward mobility for all personnel.

Measure: Promulgation of a Command approved training plan.

Lead: Code 170

APPENDIX C

SUPDEPTPROMEMO #38, CH 2
6300
5200
9 OCT 1974

SUPPLY DEPARTMENT PROCEDURAL MEMORANDUM #38, CHANGE 2

MEMORANDUM FOR DISTRIBUTION LIST A-3

Subj: Management by Objectives (MBO) in the Supply Department

Encl: (1) Bibliography of Selected MBO Reference Books
(2) Naval Air Station Goals and Objectives
(3) Naval Air Systems Command Objectives (Draft)
(4) Commander, Pacific Missile Range Goals and Objectives
(5) Supply Department Goals & Performance Measures, FY 1975
(6) Supply Division/Branch Goals 1974-1975
(7) MBO Implementation Schedule, Code 6300

1. Purpose. To issue revised enclosures to basic memorandum.

2. Action. Addressees will:

a. Remove enclosures (1) through (7) to the basic memorandum and replace with enclosures (1) through (7) to this change transmittal.

b. Make pen-and-ink change to page 1 of basic memorandum as follows:

"Encl: (2) Naval Air Station Goals and Objectives"

J. R. Davis
CDR, SC, USN
Supply Officer

BIBLIOGRAPHY OF SELECTED MBO REFERENCE BOOKS

1. Beck, A.C., and Hillman, E. D., A Practical Approach to Organizational Development Through MBO; Selected Readings, Addison-Wesley, 1972

2. Carrol, S. J., Jr., and Tosi, H. L., Jr., Management by Objectives; Applications and Research, MacMillan, 1973

3. Drucker, Peter F., The Practice of Management, Harper & Row, 1954

4. Drucker, Peter F., Management Tasks, Responsibilities, Practices, Harper & Row, 1974

5. Humble, J. W., Management by Objectives in Action, McGraw-Hill Co., 1970

6. Mali, Paul, Managing by Objectives: An Operating Guide to Faster and More Profitable Results, Wiley & Co., 1972

7. Morrisey, George L., Management by Objectives and Results, Addison-Wiley, 1970

8. Raia, Anthony P., Managing By Objectives, Scott, Foresman and Co., 1974

9. Reddin, W. J., Effective Management by Objectives, McGraw-Hill, 1971

10. Desatnick, Robert L., A Concise Guide to Management Development, American Management Association, 1973

11. Humble, John W., How to Manage by Objectives, American Management Association, 1973

NAVAL AIR STATION GOALS AND OBJECTIVES

GOAL I - Develop and implement a Facilities and Systems Modernization Program to support the National Range function and tenant activities at Point Mugu in the 1980-1985 time frame.

GOAL I OBJECTIVES:

I - 1 Revise facilities planning and programming based upon projected requirements in accordance with the PMR Master Plan, FY75 through FY81, and other sources, and complete revision and submittal of revised Basic Facilities Requirements List (BFRL) for all Point Mugu activities not later than 30 June 1975.

Measure: Compliance with approved plan of action. (Plan to be published by lead code.)

Lead Code: Code 6200.

I - 2 Plan and program new facilities required to relocate instrumentation to SNI and SRI, and target support to accommodate recrientation of range operating areas resulting from oil exploration encroachment by 1 January 1977.

Measure: Compliance with approved plan of action. (Plan to be published by lead code.)

Lead Code: Code 6200.

I - 3 Implement newly designed OCR System for procurement of materials and services in all NAS departments by 31 March 1975. Complete system change-over by 30 June 1975.

Measure: Compliance with approved plan of action. (Plan to be published by lead code.)

Lead Code: Code 6300.

I - 4 Complete a study for a comprehensive transportation plan for offshore islands by 31 March 1975.

Measure: Compliance with approved plan of action. (Plan to be published by lead code.)

Lead Code: Code 6300.

GOAL II - Provide effective support to PMR complex activities within the framework of available resources.

GOAL II OBJECTIVES:

II - 1 Completion of an Air Installations Compatible Use Zone (AICUZ) study by 30 June 1975 in coordination with the Ventura County Airport Land Use Commission.

Measure: Compliance with approved plan of action. (Plan to be published by lead code.)

Lead Code: Code 6200.

II - 2 Establish and implement a system for accomplishment of "OSHA compliance items" by 1 February 1975.

Measure: Compliance with approved plan of action. (Plan to be published by lead code.)

Lead Code: Code 610.

II - 3 Define key departmental performance tasks and implement operating measurements by 15 October 1974.

Measure: Compliance with approved plan of action. (Plan to be published by lead code.)

Lead Code: Department Heads. 61-5 Coordinate.

GOAL III Improve NAS management practices in operation and maintenance of support facilities.

GOAL III OBJECTIVES:

III - 1 Implement RMS to the sub-cost center level by 1 December 1974.

Measure: Compliance with approved plan of action (Plan to be published by lead code.)

Lead Code: Department Heads. 61-5 Coordinate.

III - 2 Develop goals and objectives at the cost center level by 1 November 1975.

Measure: Compliance with approved plan of action. (Plan to be published by lead code.)

Lead Code: Department Heads. 61-5 Coordinate.

III - 3 By 1 November 1974, eatablish a manpower management system providing for Department Head control within preestablished resource limits.

Measure: Compliance with approved plan of action (Plan to be published by lead code.)

Lead Code: Code 61.

)AL IV By Calendar Year 1981, meet COMPMR's program for employment and utilization of minorities and women in the NAS workforce.

)AL IV OBJECTIVES:

IV-1 Execute Calendar Year 1974 Equal Employment Opportunity/ Affirmative Action Plan.

Measure: Compliance with published plan.

Lead Code: Code 60-1

IV-2 Prepare Calendar Year 1975 Equal Employment Opportunity/ Affirmative Action Plan not later than 1 December 1974.

Measure: Compliance with approved plan of action. (Plan to be published by lead code).

Lead Code: Code 60-1

(AL V Implement the COMPMR "Human Resources Program: at NAS by 1 July 1975.

(AL V OBJECTIVES:

V-1 Define management training needs for "key" or selected managers/supervisors.

Measure: Compliance with approved plan of action. (Plan to be published by lead code).

Lead Code: Department Heads. 61-5 Coordinate.

V-2 Develop and submit to PMR not later than 1 June 1975 a three year manpower requirement forecast for civil service and military personnel.

Measure: Compliance with approved plan of action. (Plan to be published by lead code).

Lead Code: Code 61-5

V-3 Define opportunities for billet rotation among senior civil service personnel (GS-11 and above) to improve executive development.

Measure: Compliance with approved plan of action. (Plan to be published by lead code).

Lead Code: Code 61-5.

V-4 Develop a proposal for submission to PMR for the establishment of a Federal service career "major" at a local community colleges.

Measure: Compliance with approved plan of action. (Plan to be published by lead code).

Lead Code: Code 6300.

NAVAL AIR SYSTEMS COMMAND OBJECTIVES (DRAFT)

A. Effectively support fleet readiness

   1. Successfully introduce new weapon systems

   2. Enhance system safety/reliability/maintainability

B. Improve managerial efficiency

   1. Maximize individual/teamwork potential

   2. Foster dynamic training program

   3. Optimize communications

C. Develop progressive master plan

D. Perfect field activity utilization

E. Actively promote community programs

FISCAL 1975 COMMANDER, PACIFIC MISSILE RANGE GOALS & OBJECTIVES*

GOAL I: Ensure that the Pacific Missile Range (PMR), a multi-purpose national test and evaluation facility, will be capable of safely and effectively supporting surface, air, space, and underwater RDT&E, OT&E, and other programs of the 1980 to 1985 time frame, by 1980.

GOAL I - OBJECTIVES:

I-1 Ensure the technological capability of existing range instrumentation through an annual improvement and modernization program of not less than $1.5M/annum.

I-2 Implement an annual procurement program for new range instrumentation of not less than 8% of the PMR institutional budget.

I-3 Complete the actions specified in the following table within the indicated time frame.

Action	To Be Achieved
a. Achieve full operational capability for Ambient Noise and Data System, including certification, staffing and training.	1 Jul 75
b. Obtain contract(s) for development and implementation of the Extended Area Instrumentation System (EAIS), based on use of P3 aircraft in order to complete implementation and have an operational EAIS by 1 Jan 1980.	1 Sep 75
c. Complete testing of prototype Barking Sands Underwater Range Expansion (BSURE) System in order to complete the approved expansion of the underwater range at PACMISRANFAC by 1 June 1978.	1 May 75
d. Obtain contract(s) for initial integrated Target Control System (ITCS) implementation at PMR in order to complete the directed replacement of existing target control systems with new C-Band system utilizing ITCS hardware by 1 Jan 1977.	1 Dec 74

*COMPMR INST 5400.5

e. Obtain Contracts for FY 1976 MCON program to provide relocated instrumentation on SNI and SRI and target support facilities on SNI in order to complete the development and relocation of instrumentation systems and facilities to accommodate reorientation of range operating areas resulting from oil encroachment by 1 Jan 1977. — 1 Jun 75

f. Issue the Request for Proposals for centralized Data Processing system in order to implement a centralized data processing and reduction center by 1 Jan 1980. — 1 Dec 74

g. Complete system conceptual design and implementation plan for range improvements to support the requirements for testing of highly maneuverable weapon systems against highly maneuverable targets in order to implement sensor, display, command, and processing modifications to achieve an operational Air Combat Maneuvering Test System (ACMTS) by 1 Jan 1980. — 1 Dec 74

GOAL II: Within externally imposed constraints, provide effective support to range users in RDT&E, OT&E and other programs.

GOAL II - OBJECTIVES

II-1 Identify and justify the requirements for institutional funding necessary to provide National Range support during FY 75 and FY 76.

II-2 Implement direct cost funding during FY 75.

II-3 Minimize the impact of oil, air and other encroachments upon the ability to support RDT&E, OT&E and other programs.

II-4 In coordination with the responsibility center, study the organizational elements at the Point Mugu and Hawaiian Area complexes and recommend actions to achieve increased efficiencies while supporting range user and required tenant needs.

II-5 Revise the PMR, NAS, and PACMISRANFAC mission and task statements to reflect identified organizational alignments and obtain approval as required, during FY 75.

GOAL III: Improve planning and control procedures and practices.

GOAL III - OBJECTIVES:

III-1 Develop goals and objectives at the responsibility center and the cost center level by 1 July 1975.

III-2 Develop and implement performance measures at the responsibility center and the cost center level by 1 July 1975.

III-3 Develop and install an improved planning system for PMR by 1 March 1975.

GOAL IV: By CY 1981 meet Department of the Navy's program for employment and utilization of minorities and women in the PMR civilian work force.

GOAL IV - OBJECTIVES:

IV-1 Execute CY 74 Regional Affirmative Action Plan (RAAP).

IV-2 Issue CY 75 RAAP not later than 15 December 1974.

GOAL V: Develop and implement a "Human Resources" Development Program by 1 July 1975

GOAL V - OBJECTIVES:

V-1 Develop and publish by 1 July 1975 a three year manpower requirement forecast with numbers and skills of civil service and military personnel.

V-2 Design, publish, and implement an executive development and management training program by 1 July 1976.

V-3 Develop and implement a pilot program to improve mission accomplishment through job enrichment and improved work processes during FY 75.

Supply Department Goals & Performance Measures, FY 1975

GOAL	MEASURE
1. Class 200 main inventory value. Reduce the value of Class 200 main inventory to $25,000,000.00 by 31 March 1975.	1. Monthly, by the 10th of each month review line item count report HSX965 and provide a graphic display of increases/decreases in inventory value. Source, Code 6350.
2. Class 260, SERVMART stock turn-over. For all Class 260 material in the SERVMART, maintain a monthly stock turn-over rate of 6.0. Refer to PMR Performance Measures Handbook, PMR-AP-6-110.	2. Same as 6365 measurement No. 1 except last sentence & parenthetical.
3. Class 260 retail inventory stock turn-over. For Class 260 material in Retail Outlets "A", "S", "Y" and "R", maintain a monthly stock turn-over rate of 6.0. Refer to PMR Performance Handbook.	3. Same as measurement No. 2 for Class 260 Retail Outlet material. Code 63. Source, Code 6360.
4. Class 203 retail inventory stock turn-over. For Class 203 material in Retail Outlets "B", "Y", "U" and "T" maintain a monthly stock turn-over rate of 4.0. Refer to PMR Performance Handbook.	4. Same as 6365 measurement No. 3 except last sentence & parenthetical.
5. NIF Account 1420 inventory stock turn-over. For NIF Account 1420 material in Retail Outlets "A" and "G" maintain a monthly stock turn-over rate of 2.0. Refer to PMR Performance Handbook.	5. Monthly, by the 15th of the succeeding month, determine the month end total inventory valve and the month just completed sales valves. Divide the total sales for last month into the ending inventory. Divide the total sales for last month into the ending inventory. Divide the resulting quotient into the number 12. Source, Code 6360.
6. Improve the total net material availability (on reportable cogs) for main inventory to 80%. Refer to PMR Performance Measure Handbook, PMR-AP-6-110.	6. Line 8, cover page monthly, NAVSUP 1144. Source, Code 6350.

Enclosure (5) CH 2

Supply Department Goals & Performance Measures, FY 1975

GOAL	MEASURE
7. Improve the total gross (POE) material availability (all reportable cogs) for main inventory to 55%. Refer to PMR Performance Measure Handbook, PMR-AP-6-110.	7. Line 11, cover page, monthly NAVSUP 1144. Source, Code 6350.
8. Maintain an average monthly aircraft NORS rate not in excess of 18%.	8. At beginning of each month, compute the average monthly NORS rate for the past three months based on 3M data from NAVMISCEN's AMD. Source, Code 6300.1.
9. Improve aggregate requisition response time (requisition date to date material delivered) to an average of 30 days.	9. Draw a random sample of 100 completed receipts in the proceeding month. Calculate the avarage time from Julian Date of requisition to date of delivery for all documents sampled without regard to source or type material. Soruce, Code 6350.
10. Implement the Equal Employment Opportunity-Affirmative Action Plan. Refer to NAS/MBO Goal IV-1, 29 Aug 1974.	10. Achieve EEO/AAP milestones in accordance with NASINST 12713.1 (series). Source, Code 6310.
11. Implement the Resources Management System (RMS) to the sub-cost center level (divisions), maintaining monthly expenditures within the limits specified below. Refer to NAS/MBO Goal III-1, 29 Aug 1974. JULY - DEC +2% -2% JAN - MAR +1% -2% APR - JUNE +0% -2%	11. Compare & Analyze actual spending against budget plan as reflected in monthly RMS status reports provided by PMR Code 130. Source, each division.
12. Complete study of transportation system supporting Off-Shore Islands by 30 June 1975. Refer to NAS/MBO Goal #I-4, 29 Aug 1974.	12. Monitor progress of students from the UCLA Graduate School of Management conducting study for Code 6300. Source, Code 6360.
13. Implement cost center goals and establish associated performance measures by 15 Oct 1974. Refer to NAS/MBO Goals II-3 and III-2, 29 Aug 1974.	13. Goals and measures set forth in Supply Dept Procedural Memorandum #38, as amended. Source, Code 6310.

Supply Department Goals & Performance Measures, FY 1975

GOAL	MEASURE
14. Define management training needs for selected Supply Department managers by 30 December 1974. Refer to NAS/ MBO Goal V-1, 29 Aug 1974.	14. Scheduled completion of Project Milestones established in Project Statement developed by Codes 6310/6313. Source, Code 6310.
15. Develop a proposal for submission to COMPMR via CONAS by 31 Dec 1974 for establishment of a Federal Service career major at a local community college. Refer to NAS/MBO Goal V-4, 29 Aug 1974.	15. Scheduled completion of Project Milestones established in Project Statement developed by Codes 6310/6313. Source, Code 6310.
16. Promulgate emergency Supply procedures for Point Mugu by 5 Jan 1976. Refer to SOP Adim. inspection recommendation, 21 Aug 1974.	16. Scheduled completion of Project Milestones established in Project Statement developed by Codes 6310/6311. Source, Code 6310.
17. Conduct a feasibility study of consolidating Supply organizations and associated procedural systems as NAS, Point Mugu and CBC, Port Hueneme, by 27 Oct 1975. Refer to (a) SOP Admin. inspection recommendation, 21 Aug 1974, (b) SOMEMO 6300, 5040, 6 Sep 1974 and (c) CONAS memo 60, 5040, 16 Sep 1974.	17. Monitor progress of outside organization conducting review and analysis for Code 60/6300. Source, Code 6360.
18. Conduct study of existing Retail Outlet operations aimed at consolidating and streamlining local retail system by 30 Dec 1974. Refer to (a) NAVMAT Inspector general recommendations of 9 Aug 1974, (b) SOMEMO 6300, 5040, of 13 Aug 1974 and (c) SOMEMO 6300, 5040 of 19 Sep 1974.	18. Monitor progress of outside organization conducting review and analysis for Codes 6300/6360. Source, Code 6360.
19. Initiate a Point Mugu wide major procurement training program by 30 Nov 1974. Refer to NAVMAT Inspector General Recommendations, 9 Aug 1974.	19. Scheduled completion of Project Milestones established in Project Statement developed by Code 6330. Source, Code 6330.
20. Conduct a comprehensive study of the management, organization and procedures in the Point Mugu local Purchase & Contract Administration System by 30 June 1975. Refer to NAVMAT Inspector General Recommendations, 9 Aug 1974 and the NAVSUP Procurement Authority Review (PMR-75), 20 Aug 1974.	20. Monitor progress of outside organization conducting review and analysis for Codes 6300/6330. Source, Code 6330.

Supply Department Goals & Performance Measures, FY 1975

GOAL	MEASURE
21. Conduct a study of Receiving and Receipt Control practices and recommend system modification to minimize Receiving floor backlogs by 13 Dec 1974. Refer to NAVMAT Inspector General Recommendations, 9 Aug 1974.	21. Scheduled completion of Project Milestones established in Project Statement set forth in Code 6360 memo 5040 of 2 Sep 1974, enclosure (2). Source, Code 6360.

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Aviation Material Support Center, Code 6300.1 Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. NORS Requisition Issue Time. Issue 100% of locally available NORS requirements within one hour of requisition receipt, as required by OPNAV 479.2A.	1. For the first & third full week of each month, randonly select one working day as a "NORS Requisition Issue" sampling day. Determine the number of NORS requisitions issued within one hour, and those requiring more than one hour to issue, and compute % of issues within one hour. Code 6300.1 report month end totals & % to 6301 by the 5th.
2. Rotable Pool Maintenance. Maintain rotable pool stocks at 70% of prescribed allowance as required by FASOINST 4700.25 series.	2. Monthly, on the last working day of the month, inventory the rotable pool. Compare the pool assets on hand to allowance and compute % on hand. Code 6300.1 report result to 6301 by the 5th.
3. Monthly NORS Rate. Maintain and Average monthly aircraft NORS rate not in excess of 18%.	3. At beginning of each month compute the average monthly NORS rate for the past three months based on 3M data from NAVIMISCEN's AMD. Code 6300.1 report result to 6300/6301 by the 15th of each month.
4. Resources Management System. Implement the Resources Management System (RMS) maintaining expenditures within the limits specified below. Refer to NAS/MEO Goal III-1, 29 Aug 1974.	4. Compare and analyze actual spending against budget plan as reflected in monthly RMS Status Reports provided by PMR Code 130. Report results to Code 6300 whenever expenditures are not within specified limits.

	+2%
JULY-DEC	-2%
	+1%
JAN-MAR	-2%
	+0%
APR-JUN	-2%

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Customer Liason Staff, Code 6300.2, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Customer Relations Program. Implement and operate the Customer Relations Program in accordance with Supply Department Procedural Memorandum No. 45 of 5 Oct 1974. (Code 6300.2 Mr. Herman W. Bartelt ext. 7093)	1. Initiate and present monthly program review with Code(s) 6300, 6301 and 6310.

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SUPPLY DIVISION/BRANCH GOALS 1974 1975

Management Division, Code 6310, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Resources Management System. Implement the Resources Management System (RMS) maintaining expenditures within the limits specified below. Refer to NAS/MBO Goal III-1, 29 Aug 1974. +2% JULY - DEC -2% +1% JAN - MAR -2% +0% APR - JUNE -2%	1. Compare and analyze actual spending against budget plan as reflected in monthly RMS Status Reports provided by PMR Code 130. Report results to Code 6300 whenever expenditures are not within specified limits.
2. Implement Cost Center Goals & associated performance measures by 15 October 1974. Refer to NAS/ MBO Goals II-3 & III-2, 29 Aug 1974.	2. Goals and measures set forth in Supply Dept Procedural Memo #38 as amended.

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SUPPLY DIVISION/BRANCH GOALS 1974-1975

Planning Branch, Code 6311, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. National Stock Number Conversion. Complete all action plan milestones to implement the Point Mugu conversion from Federal Stock Numbers to use of National Stock Numbers by not later than 28 Sep 1974. (Code 6311, Mr. John Scott, ext. 7093.	1. Scheduled completion of action plan milestones. Code 6311 report progress to Code 6310 by the 5th of each month, and more frequently if dictated by milestone slippage.
2. OCR/Single Source Document. Implement a newly designed material request document in lieu of the DD-1348-1 for processing of Customer requests at Point Mugu not later than 30 June 1975. Refer to Arthur Anderson Co. Recommendation # 328 and NAS/MBO Goal I-3, 29 Aug 1974.	2. Same as measurement No. 1.
3. Document Inventory Control Software Systems. Complete all action plan milestones to document and/or flow chart inputs and outputs to Supply Department inventory control computer programs by not later than 28 June 1975. Refer to IIS(D) History File/4149/0004. (Code 6311, Ms. Zilpah Copeland, ext. 7093).	3. Same as measurement No. 1.
4. Physical Space Reorganization. Complete all action plan milestones to plan and accomplish a physical realignment of Building No. 65 office and administrative spaces to conform to the revised Supply Department organizational structure not later than 6 Jan 1976. Refer to IIS(D) 6311 PERIOR/4148/0005. (Code 6311, new employee, ext. 7093)	4. Same as measurement No. 1.
5. NAS/CBC C&SS Merger. Complete all action plan milestone items to plan and implement an operational merger of the NAS/CBC C&SS Outlets not later than 26 Jan 1976. Refer to IIS(D) 6300 DAVIS/4142/0007. (Code 6311, new employee, ext. 7093)	5. Same as measurement No. 1.

SUPPLY DIVISION/BRANCH GOALS 1974-1975

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
6. Redesign Physical Inventory. Complete all action plan milestone items to plan and implement a mechanized inventory sampling program in accordance with NAVSUP INST 440.165 not later than 28 June 1975. (Code 6311, Ms. Zilpah Copeland, ext. 7093)	6. Same as measurement No. 1.
7. Contract Out SNI Messmen. Complete preparation of detailed specifications for contractor performance of mess attendant duties on SNI and cost studies associated therewith by not later than 28 Nov 1975. Refer to IIS(D) 6300 DAVIS/4129/0009. (Code 6311, Mr. Clarence Gourdine, ext. 7093)	7. Same as measurement No. 1.
8. IIS(D) Program Maintenance. Implement and maintain the IIS(D) Program as outlined in Supply Department Procedural Memorandum No. 33. (Code 6311, Mr. John Scott, ext. 8002)	8. Initiate and coordinate Quarterly IIS(D) Program Reviews with Codes 6310, 6301 and 6300.
9. Conversion of SERVMART to GSA Store. Obtain Navy-GSA agreement on Host-Tenant Agreement for GSA Retail Store at Point Mugu and finalize mutually acceptable conversion action plan by 1 Jan 1975. (Code 6310, Mr. John Perior, ext. 7093)	9. Same as measurement No. 1.
10. Emergency Supply Procedures. Promulgate Emergency Supply Support procedures for Point Mugu by 5 Jan 1976. Refer to SOP Admin. Inspection recommendation, 21, Aug 1974.	10. Same as measurement No. 1.
11. Consolidated Supply Organization for NAS/CBC. Conduct a feasibility study of consolidating suppply organizations and associated procedural systems at NAS, Point Mugu and CBC, Port Hueneme, by 27 Oct 1975. Refer to (a) SOP Admin. Inspection recommendation, 21 Aug 1974, (b) SO memo 6300, 5040, 6 Sep 1974, and (c) CONAS memo 60, 5040, 16 Sep 1974	11. Monitor progress of outside organization conducting review and analysis for Code 60/6300. Submit monthly progress reports to 6300 via 6310, by 10th of each month.

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
12. Management and Control of Project Material. Develop and promulgate a jointly sponsored (NMC/PMR/NAS) system for management and control of project material by 4 Aug 1975. Refer to NAVMAT Inspector General recommendations, 9 Aug 1975 and Navy Area Audit Service, Point Mugu recommendations C64515, Aug 1974.	12. Same as measurement No. 1.
13. Supply Core Function Study. Analyze all Supply functions and build a functional priority matrix to assist management in building on going workload trade offs and resources allocation by 15 Dec 1974.	13. Monitor progress of NMC Code 170, Operations Research Division, in accomplishment of study under funding document # 63115WR63027.

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Internal Audit Branch, Code 6312, Performance Objectives

SUPPLY DIVISION/BRANCH GOALS 1974-1975

Manpower Management and Office Services Branch, Code 6313, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Supply Management Intern Program. Ensure that four (4) trainees are recruited and on-board on or about 1 Jul 1975 and that trainees are rotated to prescribed work experiences and receive scheduled formal training in accordance with Supply Department Procedural Memorandum No. 29 of 28 Dec 1973 and applicable training agreements. (Code 6313, ext. 8708)	1. Monthly, report status of all trainees currently employed under individual training agreements of the Supply Management Intern Program. Highlight deviations from the planned schedule and the causes and consequences of the actual or prospective variation from plan. Code 6313 report verbally to Code 6310 by 5th of each month.
2. EEO/Affirmative Action Plan. As Departmental EEO Project Manager, monitor the progress of the various Supply Divisions to determine the current status of actions to implement the PMR/NAS Affirmative Action Plan. Refer to NAS/MBO Goal IV-1 29 Aug 1974. (Code 6313, Ext. 8708)	2. Monthly, prepare a written status summary of divisional progress toward achievement of the goals and objectives of the PMR/NAS Affirmative Action Plan and Supply Department Procedural Memorandum No. 35. Code 6313 report to Code 6300 via Codes 6310/6301 by 5th of each month.
3. Recruiting and Selection Time. Maintain a mean time of not more than thirty (30) days from date of position vacancy until replacement employee is in vacant position. (Code 6313, ext. 8708)	3. Maintain a status log on all position vacancies and associated recruiting actions. At the end of each month, review all positions filled in the month just ended. For each recruiting action completed in the past month, compute the lapse time from date position was vacated through date position was filled by an in-place employee. Divide the total lapse time for all actions sampled by the number of transactions in the sample to determine the mean replacement time. Also report the average age in days of all outstanding recruiting at months end. Code 6313 report to Code 6310 by the 5th of each month.
4. Maintenance of On Board Ceiling. Maintain the on-board staffing of Code 6300 at not less than 96% of the authorized civilian personnel ceiling.	4. Each Monday, by 1100, report actual civilian personnel on-board versus authorized department ceiling to Code 6310. Identify areas below established limits.

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
5. Daily message traffic. Deliver daily Navy message traffic to the Supply Officer by 0810. Maintain a tickler file on all incoming messages requiring an answer and follow up on response action to keep a zero delinquency rate on message replies. (Code 6313, ext. 8708).	5. Daily review action message tickler file and report delinquencies to Code 6301 via 6310.
6. Departmental Training Schedule. Promulgate the Quarterly Training Schedule in accordance with Supply Department Procedural Memorandum No. 30. (Code 6313, ext. 8708)	6. Ten (10) calendar days prior to the start of each quarter (Jan, Apr, Jul, Oct), deliver the smooth memorandum schedule of planned departmental training for the next two quarters to Code 6310.
7. Define Management Training needs for selected Supply Dept managers by 31 Dec 1974. Refer to NAS/MBO Goal V-1, 29 Aug 1974.	7. Scheduled completion of Project Milestones established in Project Statement developed by Codes 6310/6313. Submit monthly progress report to 6300 via 6310 by 5th of each month.
8. Federal Service Career Major. Develop a proposal for submission to COMPMR via CONAS by 31 Dec 1974, for establishment of a Federal Service Career Major at a local community college. Refer to NAS/MBO Goal V-4, 29 Aug 1974.	8. Scheduled completion of Project Milestones established in Project Statement developed by Codes 6310/6313. Submit progress report to 6300 via 6310 by 5th of month.

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SUPPLY DIVISION/BRANCH GOALS 1974-1975

Budget and Financial Branch, Code 6314, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. RMS Implementation. Implement the PMR/NAS Resources Management System within the Supply Department including promulgation of a covering Supply Department Procedural Memorandum outlining departmental financial management procedures for operating funds. (Code 6314, Ms. Janet Cobos, ext. 7093)	1. Promulgate RMS Implementation Action Plan for Fiscal 1975; report progress accomplished against key events or prescribed milestones in action plan. Code 6314 report progress to Code 6310 by 5th of each month and more frequently if required by the failure to meet prescribed milestones.
2. NSF Financial Management. Develop, promulgate and implement a Supply Department Procedural Memorandum setting forth departmental management and control procedures for Navy Stock Fund resources not later than 30 Jun 1974. Refer to Arthur Andersen Recommendation #323 and IIS(D) History File/74133/0010. (Code 6314, Ms. Janet Cobos, ext. 7093)	2. Code 6310 approve action plan and milestone dates for NSF internal management program. Code 6314 report progress to Code 6310 by 5th of each month and more frequently if required by slippage of milestone dates.

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SUPPLY DIVISION/BRANCH GOALS 1974-1975

Food Service Division, Code 6320, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Value of Inventory. Maintain the monthly value of inventory at a level not to exceed the value of 30 days issues.	1. Monthly, not later than the 10th compare the value of month end inventory to the prior months value of issues. Maintain log of comparisons. Code 6320 report month end measure to Code 6301 by 10th.
2. Monthly Issue. Maintain monthly under issues within 5% of the value of stores consumed at fixed price.	2. Daily, compare number of rations served times $ allowance, to the fixed price of issues. Maintain a cumucative record for the month. Code 6320 report month end measure to Code 6301 by the 5th.
3. Resources Management System. Implement the Resources Management System (RMS) maintaining expenditures within the limits specified below. Refer to NAS/MBO Goal III-1, 29 Aug 1974. JULY - DEC +2% -2% JAN - MAR +1% -2% APR - JUNE +0% -2%	3. Compare and analyze actual spending against budget plan as reflected in monthly RMS Status Reports provided by PMR Code 130. Report results to Code 6300 whenever expenditures are not within specified limits.

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Procurement Division, Code 6330, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Group I Local Purchase Time Maintain a mean time of three (3) calendar days from Julian requisition date to date order placed for issue Group I local purchase transactions. (Code 6333, Ms. Lori Mendez, ext. 8914)	1. For each of the first four full weeks in each month, randomly select one working day as a "local purchasing time" sampling day. At 1500 on each of the sampling days, sample all purchase documents in Code 6333 awaiting typing of smooth purchase orders. If necessary, add purchase documents from the following day(s) to ensure that the sample size includes at least 50 purchase documents. On a tally sheet, record the lapse time between each Julian requisition date and the date the order was placed. Hold the weekly sheet for month end summarization and calculation of merged sample mean. Code 6333 report month end measure to Code 6330 by the 10th.
2. Group II Local Purchase Time Same as No. 1, except 7 day mean.	2. Same as No. 1.
3. Group III Local Purchase Time Same as No. 1, except 14 day mean.	3. Same as No. 1.
4. Off-the-Shelf Processing Time a. Measure lapsed time from Julian requisition date to Julian receipt date of requisition in Supply Department. b. Measure lapsed time Julian receipt date of requisition in Supply Department to Julian receipt date of requisition in Code 6330. c. Maintain a mean time of 15 calendar days from Julian receipt date of requisition in Code 6330 to Julian release date of Purchase Request to NRPOLB. d. Measure lapsed time from Julian release date of Purchase Request to NRPOLB to contract award. (Code 6331, Ms. Marilyn Wismer, ext. 8914)	4. Maintain a procurement log for all requests over $2,500.00 in value. The items described under Objectives 4.a. through 4.d., shall be measured not later than the 5th day of each month. Total the lapse time for the entire sample for each item, and divide by the number of documents to compute the mean processing time. Code 6331 report measure to Code 6330 by the 10th of each month. A "one-time" report of the measure for August, September and October 1974, shall be submitted to Code 6300, via 6310, not later than 10 November 1974.

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
5. Non-Off-the-Shelf Processing Time Same as No. 4 except No. 4.c. shall be changed from a mean time of 15 days to a mean time of 12 days. (Code 6331, Ms. Marilyn Wismer, ext. 8914)	5. Same measurement method as No. 4 except measurement is done quarterly for periods ending 31 Mar, 30 Jun, 30 Sep and 31 Dec. Code 6331 report measure to Code 6330 by 10th day of new quarter. A "one-time" report as described in No. 4 shall be submitted.
6. On-time Contract Deliveries Maintain a zero rate of material and services delivery delinquencies on all Point Mugu contracts over $2,500.00. (Code 6332, Ms. Elaine Salmon, ext. 8914)	6. Annotate Code 6330 procurement log to indicate item delinquency on an "as occurring" basis. At month end, total the number of delivery delinquencies occurring in month past. Code 6332 report delinquencies and causes therefore to Code 6330 by the 5th of each month.
7. Correspondence Response Time Maintain a zero rate of delinquency on action correspondence. (Code 6331, Ms. Marilyn Wismer, ext. 8914)	7. Maintain a central division correspondence control record, log or tickler file. Establish and/or record an action due date for each letter, memorandum, or communication requiring written divisional response, or action. Divisional secretary follow-up to contract administrator responsible for action correspondence as due date approaches. Report potential delinquent correspondence to Code 6331 on due date; monthly Code 6331 report frequency of delinquent correspondence to Code 6330 by 5th of each month.
8. Procurement & Training Program. Initiate a Point Mugu wide major procurement training program by 30 Nov 1974. Refer to NAVMAT Inspector General Recommendations, 9 Aug 1974.	8. Scheduled completion of Project Milestones established in Project Statement developed by Code 6330. Code 6330 report progress to Code 6300 by 5th of each month.
9. Management Study of Purchase. Conduct a comprehensive study of the management, organization & procedures in the Point Mugu Local Purchase and Contract Administration System by 30 June 1975. Refer to NAVMAT Inspector General Recommendations, 9 Aug 1974 & the NAVSUP Procurement Authority Review (PMR-75), 20 Aug 1974.	9. Monitor progress of outside organization conducting review and analysis for Codes 6300/6330. Submit monthly progress reports to 6300 by 10th of each month.

SUPPLY DIVISION/BRANCH GOALS 1974-1975

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
10. Resources Management System. Implement the Resources Management System (RMS) maintaining expenditures within the limits specified below. Refer to NAS/MBO Goal III-1, 29 Aug 1974. +2% JULY - DEC -2% +1% JAN - MAR -2% +0% APR - JUNE -2%	10. Compare and analyze actual spending against budget plan as reflected in monthly RMS Status Reports provided by PMR Code 130. Report results to Code 6300 whenever expenditures are not within specified limits.

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SUPPLY DIVISION/BRANCH GOALS 1974-1975

Inventory Division, Code 6340, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Process 80% of all spot inventories within 48 hours receipt.	1. Randomly select 10% of spot inventory's completed during the previous week. Determine the precentage of spot inventories processed within 48 hours of receipt. Code 6340 report monthly results to 6301 by 5th working day of subsequent month.
2. Maintain quarterly inventory schedule.	2. Report percentage of completion of quarterly inventory schedule to 6301 by the 10th of each month.
3. Resources Management System Implement the Resources Management System (RMS) maintaining expenditures within the limits specified below refer to NAS/MBO +2% JULY-DEC -2% +1% JAN-MAR -2% +0% APR-JUNE -2%	3. Compare and analyze actual spending against budget plan as reflected in monthly RMS status reports provided by PMR Code 130. Report results to Code 6300 whenever expenditures are not within specified limits.

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Control Division, Code 6350, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Resources Management System Implement the Resources Management System (RMS) maintaining expenditures within the limits specified below. Refer to NAS/MBO Goal III-1, 29 Aug 1974. JULY-DEC +2% -2% JAN-MAR +1% -2% APR-JUNE +0% -2%	1. Compare and analyze actual spending against budget plan as reflected in monthly RMS status reports provided by PMR Code 130. Report results to Code 6300 whenever expenditures are not within specified limits
2. Requisition Response Time. Improve aggregate requisition response time (requisition date to date material delivered) to an average of 30 days.	2. Draw a random sample of 100 completed receipts in the proceeding month. Calculate the average time from julian date of requisition to date of delivery for all documents sampled without regard to source or type of material. Code 6350 report to Code 6300 by the 10th of each month.

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SUPPLY DIVISION/BRANCH GOALS 1974-1975

Stock Control Branch, Code 6351, Performance Objectives

OBJECTIVE (ACCOUNTABILITY)	MEASUREMENT
1. Net Stock Availability. Maintain local net stock availability for selected leading material cognizances (cogs) within ± 5% of the estimated Navy-wide Supply System net effectiveness:	1. Quarterly, Jan, Apr, Jul and Oct, obtain monthly system-wide effectiveness data from NAVSUP 0113J, Autovon 5-225-4128 (1N, 1R and 2R) and FMSO, autovon 5-227-3663 (9 cogs) and compute a new estimate of net and gross availability system-wide based upon an average of the latest 12 months. Monthly, review NAVSUP 1144 and compare local effectiveness with estimate of system effectiveness. Code 6351 report measurement results to 6350 by the 10th of each month.

COG	NET	COG	NET
1N	77.7	9G	85.2
1R	78.0	9N	86.4
2R	68.3	9Q	88.6
9C	82.2	9Z	84.4
9D	88.3		

(Code 6351, Ms. Millie Reckling, ext. 7755)

2. Gross (POE) Stock Availability. Maintain local gross stock availability for selected leading material cognizances (COGS) with / 10% of estimated Navy-wide Supply System Gross effectiveness:	2. Same as measurement No. 1.

COG	GROSS	COG	GROSS
1N	63.7	9G	57.8
1R	56.9	9N	45.4
2R	53.3	9Q	70.1
9C	44.3	9Z	-
9D	73.6		

(Code 6351, Ms. Millie Reckling, ext. 7755)

3. Excessing effectiveness. Maintain a dollar value of inventory not to exceed the retention level equal to 36 months plus the requisitioning objective, for all 1 and 9 cogs, except R. (Code 6351, Ms. Millie Reckling, ext. 7755)	3. NAVSUP NOTICE 4430 of 24 Jul 1973 refers. Quarterly, by the 14th of Jan, Apr, Jul and Oct, review and compare the dollar values reported by pre-screen excessing program HSE810AT by material cognizance. Report value of excesses by "cogs" to 6350 by the 15th, quarterly.
4. Main Inventory Stock Turnover. (Selected Cogs.) For all 1 and 9 Cogs, except 1R, maintain an average main inventory (Class 200) stock turnover rate of 4.4 times per year, excluding insurance/ reservation items. (Code 6351, Ms Millie Reckling, ext. 7755)	4. Quarterly, by the 14th of Jan, Apr, July, and Oct, extract reservation value from the Numerical Stockage Objective (NSO) Report. From FIC ledgers, extract month end closing inventory and value of sales for FIR Codes J1,J3,J5,K1,K6,K8, K9, KB,KD,P4, P5, M2, and M3. Compute Stock turnover rate: $\frac{\text{Inventory - Reservations}}{\text{FIR Sales}} = \text{Mos. active stock O/H}$ $\frac{12}{\text{Months active stock O/H}} = \text{Stock Turn}$

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
5. Local Issue Time. Maintain a mean time of three (3) days for issue of material (all priorities) from local Main Inventory Storerooms. (Code 6351, Ms. Millie Reckling, ext. 7755)	5. Monthly, randomly select one of the first five working days as the day to sample local issues from stock. On the day selected, sample the first 100 local stock issues. If necessary, draw additional issue documents from the next working day to round out a sample of 100 local issue transactions. For each transaction, record the lapse time in days from the document date through the date time stamp on the P.O.D. copy, i.e. local delivery date. Total the individual lapse times and divide by the number of documents in the sample to compute to mean time for delivery of issues from stock. Code 6351 report measurement results to 6350 by the 10th of the month.
6. Stock Replenishment Time. Maintain a mean time of thirty (3) days from requisition date until receipt of stock replenishment orders, all material cognizances. (Code 6351, Ms. Millie Reckling, ext. 7755)	6. Select a separate sample of 100 stock replenishment receipts in same manner as No. 5. For each transaction record the lapsed time in days through the Julian date stored as shown in Block 9, DD-1348-1, Block 22, DD-250, received stamp in Block 18 of DD-1155, or received stamp on bottom of DD-1153 Total all lapse time on sample proof of delivery documents and divide by the total number of documents in the sample to compute sample mean time. Code 6351 report measurement results to 6350 by the 10th of the month. Report failure to meet time frames monthly to ICP involved.
7. D.T.O Requisition Time. Maintain a mean time of thirty (30) days from requisition date until turn over of material to the customer. All material cognizances, all priorities. (Code 6351, Ms Millie Reckling, ext. 7755)	7. Same as measurement No. 5, except use sample of 100 D.T.O. requisitions. Code 6351 report results to 6350 by the 10th of the month. Report failure to meet time frames monthly to ICP involved.

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SUPPLY DIVISION/BRANCH GOALS 1974-1975

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
8. Backorder Processing Time. Maintain a mean time of days from the receipt data of material into Supply through the date material is subsequently delivered to the customer. (Code 6351, Ms. Millie Reckling, Ext. 7755).	8. Same as measurement Nos. 5 and 7, except use sample of 50 backorder release transactions. Code 6351 report results to 6350 by the 10th of the month. Report failure to meet time frames monthly to ICP involved.
9. Class 200 Main Inventory Value. Reduce value of Class 200 inventory to $25,000,000. by 31 Mar 1975.	9. Monthly, by the 10th of each month, Code 6351 review line item count Report, HSX965, and provide a graphic display of increases/decreases in inventory value. Report result to 6300 via 6350.
10. Net Material Availability. Improve the total net material availability (on reportable cogs) for main inventory to 80%. Refer to PMR performance Measure Handbook, PMR-AP-6-110.	10. Line 8, cover page monthly NAVSUP 1144. Monthly by the 10th 6351 report percentage to Code 6300 via Code 6350.
11. Gross (POE) Material Availability. Improve the total gross (POE) Material Availability (all reportable cogs) for main inventory to 55%. Refer to PMR Performance Measure Handbook PMR-AP-6-110.	11. Line 11, cover page, monthly NAVSUP 1144 report. Monthly, by the 10th, 6351 Report Percentage to 6300 via 6350.

Enclosure (6) CH 2

Receipt Control Branch, Code 6352, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Requisition Follow-Up Responsiveness. Maintain a mean response time of four (4) days to customers requests for requisition status information. (Code 6352, Ms. Mary Lou Balangue, ext. 8138)	1. Monthly, randomly select one work day from the first five working days of the month. Review all requisition follow-up replies provided to Point Mugu customers on the sampling date. Determine the lapse time from date of customer request until date positive supply status provided to the customer for each follow-up transaction in one day sample. Add the lapse time of each transaction to compute the total lapse time of the sample. Divide the total lapse time of the sample by the number of individual follow-up transactions in the sample to determine the mean response time for requisition follow-up in the month sampled. Code 6352 report measurement results to Code 6350 by the 10th of the month.
2. Stock Receipt Take-Up Time. Maintain a mean receipt take-up time of seven (7) calendar days. (Code 6352, Ms. Mary Lou Balangue, ext. 8138)	2. Monthly, during the first five working days, randomly select a day for a review of the first 100 stock requisitions listed on the daily mechanized receipt listing furnished by Data Processing. If the daily listing selected contains less than 100 stock receipts, obtain the listing of the working day next following and add sufficient individual receipts, starting with the first receipt listed, to make a total sample of 100 stock receipts. For each receipt document listed, compute the individual document take-up time by subtracting the Julian date of the document take-up listing from the Julian date of material receipt as hand annotated on the actual receipt document. Total the 100 sample times and divide by the number of documents reviewed. Code 6352 report sampling measurement results to Code 6350 by the 10th of the month.

Enclosure (6) CH 2

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
3. Dealers Bills Processing Time. Maintain a mean time of ten (10) calendar days for the processing of dealers bills within the Supply Department for payment. (Code 6352, Ms. Mary Lou Balangue, ext. 8138)	3. Monthly, randomly select one work day from the first five (5) working days of the month. On selected sampling day, review at least 50 dealers bills which have been batched with 6352 copies and readied for forwarding to NRFC for payment. If the daily sample is less than 50, add bills from the next work day until a total sample of 50 is collected. For each dealers bill, compute the individual document processing time as the sample date less the date bill was received and date stamped into the Supply Department. Total the 50 sample times and divide by the number of documents reviewed. Code 6352 report sampling measurement results to Code 6350 by the 10th of the month.
4. BPA Invoice Payment Processing Time. Maintain a mean time of 20 calendar days for processing of BPA invoices for payment within the Supply Department. (Code 6352, Ms. Mary Lou Balangue, ext. 8138)	4. Same as measurement No. 3, except BPA invoices vice regular dealers bills.
5. Lost Vendor Discounts. Reduce value of monthly lost vendor bill discounts to $200.00. (Code 6352, Ms. Mary Lou Balangue, ext. 8138)	5. NAVCOMPT 046023-6C refers. Review monthly NRFC letter report of discounts lost. Count the total number of bills making up the list of lost discount transactions. Identify those transactions representing the largest discount losses. Review the top 10% or top twelve documents, whichever is larger, and determine the specific circumstances leading to the loss of discount. Report the monthly value of lost discounts and the background data on the top value losses to Code 6350 within four (4) working days after receipt of the monthly NRFC discount lost letter. Code 6352 report findings to Code 6350.

Enclosure (6) CH 2

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
6. Validation of Obligations. Reduce the value of invalidated outstanding material obligations to not more than 5% of the current obligations carried on the current financial records of the Comptroller. (Code 6352.2, Ms. Elsie Chambers, ext. 8138)	6. NAVCOMPT 039101.4B refers. Review the monthly obligation listing provided by the Accounting Division. Determine the dollar value of invalid obligations and divide by the dollar value of obligations listed on Report HDA840-01. No later than the 20th of each month, report the percent of invalid obligations to Code 6350 via 6352.
7. Validation of Intransit Requisitions. Reduce the value of invalid intransit documents to not more than 5% of the total Navy Stock Fund intransit requisitions carried on the current financial records of the Comptroller. (Code 6352.2, Ms. Elsie Chambers, ext. 8138)	7. NAVCOMPT 032305 refers. Review the monthly obligation listing provided by the Accounting Division. Determine the dollar value of invalid requisitions in transit, and divide by the total dollar value of requisitions in transit as listed on Report HDA840-03. No later than the 20th of each month, report the percent of invalid intransit requisitions to Code 6350 via 6352.

Enclosure (6) CH 2

Technical Branch, Code 6353, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Document Processing Time. Maintain a mean processing time of three (3) calendar days (date received in Supply Department through date released by Technical Branch) for all material requisitions. (Code 6353, Mr. Earl Watson, ext. 8424)	1. Monthly, randomly select one work day from the first five working days of the month. On the selected day, review each document completed in Technical and record the lapse time from the date the document was stamped into Supply until the date is cleared in the Technical Branch. Continue the computation until 100 documents have been recorded in the sequence they cleared Technical; if necessary, continue the sampling on successive work days until the sample size reaches 100. Total the lapse time and divide by the number of documents reviewed to determine the mean time of the sample. Code 6353 report measurement results to 6350 by the 10th of the month.
2. Program PURE Critical Items. Reduce the total number of designated "critical items" Class III and IV plant property in Project Storage to 700. (Code 6353, Mr. Don Davis, ext. 8424)	2. By the 10th of each month, Code 6353 report to Code 6350 the number of designated critical items still remaining on Project PURE records. Also indicate the number and action trend of Project PURE EAM action cards returned by equipment custodians during the preceding month. Code 6353.1 report measurement to Code 6350 via Code 6353.
3. Publication Delivery Times. Maintain a mean time of 21 days from the date of customers requisition until the received publication is released to local distribution. (Code 6353, Mr. Earl Watson, ext. 8424)	3. During the first five working days of each month, draw a random sample of 100 printing and publication requisitions received during the preceding month. For each transaction sampled, computed the lapse time from requisition date until the received materials were released for local distribution or delivery. Total the lapse time and divide by the sample size. Code 6353 report measure result to Code 6350 by the 10th of the month.

Enclosure (6) CH 2

Issue Control Branch, Code 6354, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Group I and II Off-Station Shipment Processing Time. Maintain a mean time of two (2) working days from date shipping request is received by Supply Department until material is turned over to carrier, for all Issue Group I and II shipments. (Code 6354, Mr. Chester Chadwick, ext. 8207)	1. Monthly, during the first five days, randomly select 50 Group I and II off-station shipment requests completed in the preceding month. For each transaction, determine the lapse time from date shipment request was received in Supply until the material was turned over to the carrier. Total the lapse time and divide by the number of transactions in the sample. Code 6354 report results to 6350 by the 10th of the month.
2. Group III Off-Station Shipment Processing Time. Maintain a mean time of five (5) working days from date shipping request is received by Supply Department until material is turned over to carrier, for all Issue Group III shipments. (Code 6354, Mr. Chester Chadwick, ext. 8307)	2. Same as measurement No. 1 using Issue Group III shipments.
3. Daily Delivery of Data Processing Output. Deliver daily error reject cards and daily inventory control listings to Stock Control Branch, Code 6351, by 0900 each regular working day. (Code 6354, Mr. Chester Chadwick, ext. 8207)	3. Establish and maintain a data processing output log showing possible document delivery times, on or before 0900, 0901-1000, 1001-1100, 1101-1200, 1201-1300, 1301-1400, after 1401, not delivered, partial delivery at time specified. Daily record time of document delivery to Code 6351 or non-delivery. By tenth of the following month, Code 6354 report freqency of delivery by work days and time for preceding month. Report to 6350 by the 10th of the month.

Enclosure (6) CH 2

SUPPLY DIVISION/BRANCH GOALS 1974-1975

Material Division, Code 6360, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Resources Management System Implement the Resources Management System (RMS) maintaining expenditures within the limits specified below. Refer to NAS/MBO Goal III-1, 29 Aug 1974. +2% JULY-DEC -2% +1% JAN-MAR -2% +0% APR-JUNE -2%	1. Compare and analyze actual spending against budget plan as reflected in monthly RMS status reports provided by PMR Code 130. Report results to Code 6300 whenever expenditures are not within specified limits.
2. Study of Transportation System for Off Shore Islands. Complete study of Transportation System supporting Off Shore Islands by 30 June 1975. Refer to NAS/MBO Goal #I-4, 29 Aug 1974.	2. Monitor progress of students from the UCLA Graduate School of Management Conducting Study. Submit monthly progress reports to Code 6300 via 6360 by the 10th of each month.

Enclosure (6) CH 2

SUPPLY DIVISION/BRANCH GOALS 1974-1975

Traffic Branch, Code 6361, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Receiving Efficiency. Maintain an average daily ratio of eight (8) line items received to each direct manhour charged to the material receipt function. (Code 6361.2, Mr. Billy Kimberling, Ext 8107)	1. Divide total line items received each month by total direct manhours charged to material receiving job order (RMS); Code 6361.2 report monthly measure to 6360 via 6361 by the 5th of the month.
2. Receiving Backlog. Maintain an average daily receiving backlog not in excess of two working days. (Code 6361.2, Mr. Billy Kimberling, Ext. 8107/8372)	2. Make daily estimate of receiving floor backlog based on standard crew size and 1.6 line items per carton. At end of month, average daily estimates. Code 6361.2 report to 6360 via 6361 by the 5th of the month.
3. Claims Backlog. Maintain a zero balance of claims older than 15 days which have not been forwarded to the appropriate carrier (HHG) or JAG office (TORTS) by 6361.2, Mr. Billy Kimberling, Ext. 8107/8372.	3. At end of each month, inspect in-process claims file. Report number of claims over 15 days old which have not been forwarded with an explanation of overage status. Code 6361.2 report to 6360 via 6361 by the 5th of the month.
4. Shipping Efficiency. Maintain an average daily ratio of eight (8) line items shipped to each direct manhour charged to the shipping function. (Code 6361.1, Mr. Joe Splawn, Ext. 8615/7446)	4. At end of each month, compute total line items shipped per retained shipping documents and divide by number of direct manhours charged to shipping function job order (RMS); Code 6361.1 report monthly measure to 6360 via 6361 by the 5th of the month.
5. Packing and Crating Efficiency. Maintain a ratio of 3 unit packs to each direct manhour charged to the packing and crating function. (Code 6361.1, Mr. Joe Splawn, Ext. 8615/ 7446)	5. At end of each month, total the number of unit packs completed and divide by the number of direct manhours charged to the packing and crating job order. Code 6361.1 report monthly measure to 6360 via 6361 by the 5th of the month.
6. Pick-up and Delivery Efficiency. Maintain a ratio of 25 line items picked up or delivered to each direct manhour charged to the delivery function. (Code 6361.1, Mr. Joe Splawn, Ext. 8615/7446)	6. Daily record line items picked up and delivered by section. At end of month, total daily record and divide by total direct labor manhours charged to the delivery function (RMS). Code 6361.1 report monthly measure to 6360 via 6361 by the 5th of the month.

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
7. Study of Receiving and Receipt Control Practices. Conduct a study of Receiving & Receipt Control practices & recommend system modification to minimize receiving floor backlogs, by 13 Dec 1974. Refer to NAVMAT Inspector General Recommendations, 9 Aug 1974. (Code 6361, Mr. E. Slusser, Ext 8615/7446).	7. Scheduled completion of Project Milestones established in Project Statement set forth in Code 6360 memo of 5040 of 2 Sep 1974. Code 6361 report progress to Code 6300 via 6360 by 5th of each month.

Enclosure (6) CH 2

Storage Branch, Code 6362, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Storage Section Efficiency. Maintain a ratio of seven (7) receipt and issue transactions for each direct labor manhour charged to the storage function. (Code 6362.1, Mr. Tony Nunez, ext. 7140/8662 and Mr. Lino Navarro, ext. 8245)	1. Daily record issue and receipt documents completed. At end of month, total issue and receipt documents completed and divide total by the total of direct labor hours charged to the main inventory storage function. Codes 6362.1 and 6362.2 report monthly measures to Code 6362; 6362 report merged measure to 6360 by the 5th of the month.
2. Storage Section Issue Accuracy. Maintain and issue document processing accuracy of not less than 98% in accordance with NAVSUPINST 5220.11 (series). (Code 6362.1, Mr. Tony Nunez, ext. 7140/8662 and Mr. Lino Navarro, ext. 8245)	2. Supervisor randomly sample 10 issue documents each working day in determining number of sampled documents which were in all respects correctly processed in accordance with NAVSUPINST 5220.11 (series). At end of month total daily sampling results. Code 6362.1 and 6362.2 report measure results to 6360 via 6362 by the 5th of the month.
3. Storage Section Reject Accountability. Of total warehouse refusals, maintain a Code 6362 error accountability of not more than 3%. NAVSUP INST 5220.11 refers. (Code 6362.1, Mr. Tony Nunez, ext. 7140/8662 and Mr. Lino Navarro, ext. 8245)	3. Review all spot inventory requests originated by Storage Branch. Using error criteria set forth in NAVSUPINST 5220.11, determine number of issue documents rejected due to procedural error within storage function. Codes 6362.1 and 6362.2 report monthly measures to 6360 via 6362 by the 5th of the month.
4. Storage Section Locator Accuracy. Maintain an accuracy rate of 97% correct locator cards for main inventory material. (Code 6362.1, Mr. Tony Nunez, ext. 7140/8662 and Mr. Lino Navarro, ext. 8245)	4. Monthly, conduct a random sample of 100 main inventory locator cards. Record number of locator cards. Record number of locator card determined correct by physical inspection of material location. Codes 6361.1 and 6362.2 report monthly measures to 6360 via 6362 by the 5th of the month.

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
5. Screening and Identification Section Efficiency. Maintain a ratio of six (6) receipt and issue transactions for each direct labor manhour charged to the screening and identification function. (Code 6362.3, Mr. Dale Willis, ext. 7202)	5. Daily, log receipt and issue transactions. Monthly total receipt and issue documents processed and divide the total by the total direct labor manhours charged to the screening and identification function. Code 6362.3 report monthly measure to 6360 via 6362 by the 5th of the month.
6. Project Storage Locator Accuracy. Maintain an accuracy rate of 97% correct locator cards for material held in the Screening and Custody Section. (Code 6362.3, Mr. Dale Willis, ext. 7202)	6. Monthly conduct a random sample of 100 Screening and Custody Section material locator cards. Record number of locator cards determined correct by physical inspection of the material location. Code 6362.3 report monthly measure to 6360 via 6362 by the 5th of the month.
7. Servmart (260) Stock Turnover. Maintain an annual 6.0 stock turnover rate for the Servmart. (Code 6362.4, Mr. Richard Biggs, ext. 8655)	7. Same as measurement No. 1 for Code 6365.
8. Basic Storekeeping/Warehousing Procedures. Develop & promulgate a Supply Dept Procedural Memorandum setting forth basic Storekeeping & Standardized Warehousing Procedures by 31 Oct 1974. Refer to NAVMAT Inspector General Recommendations, 9 Aug 1974 & SO memo 6300 5040, 13 Aug 1974. (Code 6362, Mr. Joe Hollos, ext 8071/7593).	8. Scheduled completion of Project Milestones established in Project Statement set forth in Code 6360 memo 5040 of 3 Sep 1974. Code 6362 report progress to Code 6300 via 6360 by 5th of each month.

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Fuel Branch, Code 6363, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Fuel Inventory Levels. Maintain on-board average fuel levels as follows:	1. Record daily on hand inventory of each fuel product. At month end, compute average daily inventory for each product and report averages for month just completed to Code 6360 via Code 6363 by the 5th of the month.
2. NSF Fuel Obligations. Maintain the rate of NSF obligations for petroleum products within 10% of a straight line projection of accrued operating days in the quarter to date. (Code 6363.2, Ms. Violet Wyatt, ext. 8325)	2. At end of each month, determine the percent of total quarterly NSF fuel funds allocation actually obligated. Compare the obligation percentage with the percent of the operating quarter past. Code 6363.2 report measure to 6360 via 6363 by the 5th of the month.
3. Contractor Aircraft Refueling Responsiveness. Ninety-nine percent (99%) of the time position the refueler alongside the requiring aircraft within the response time standards (20 min) prescribed in the governing contract. (Code 6363.1, Mr. Hubert Martin, ext. 8325)	3. Three times each week review the fuel contractors log of aircraft fueling transactions. Note the number of total transactions and those longer than the contract prescribed response time standard. At month end, compute the percent of contract fueling responses within prescribed standards. Code 6363.1 report measure to 6360 via 6363 by the 5th of the month.

Product	%Storage Capacity	Gallons
MOGAS	70%	37,800
Diesel	70%	37,800
115/145	70%	193,700
JP-4	70%	257,000
JP-5	70%	764,000

(Code 6363.2, Ms. Violet Wyatt, ext. 8325)

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Retail Outlet Branch, Code 6365, Performance Objectives

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
1. Class 260 Stock Turnover. For Class 260 material in Retail Outlets "A", "S", "Y" and "R", maintain a monthly stock turnover rate of 6.0. (Code 6365, Mr. Charles Yonn, Ext. 8071)	1. Determine month end inventory and sales values from FIC ledgers, Fir codes J1, J2, M2 and M3.* Divide the total sales for last month into the last end of month inventory value. Divide the resulting quotient into the number 12 (months per year) to determine the stock turnover rate, i.e., how many times the stock will turn over in a 12-month period based on given sales and inventory values. Code 6365 report monthly measure to 6300 via 6360 by the 15th of the month. (*Do not exclude ins/reservations.)
2. Class 203 Stock Turnover. For Class 203 material in Retail Outlets "B", "Y", "U", and "T" maintain a monthly stock turnover rate of 4.0. (Code 6365, Mr. Charles Yonn, Ext. 8071)	2. Same as measurement #1.
3. NIF Account 1420 Stock Turnover. For NIF account 1420 material in Retail Outlets "A" and "G" maintain a monthly stock turnover rate of 2.0. (Code 6365, Mr. Charles Yonn, Ext. 8071)	3. Determine month end inventory and sales for NIF A/C 1420 material. Divide the total sales into the ending inventory.* Divide the resulting quotient into the number 12 to determine estimated annual stock turnover rate. Code 6365 report monthly measure to 6360 by the 15th of the month. (*Do not exclude insurance/reservations.)
4. Retail Outlet Efficiency. Maintain a ratio of ten (10) line item receipt and issue transactions for each direct labor manhour charged to the retail outlet function. (Code 6365, Mr. Charles Yonn, Ext. 8071)	4. Daily record line item transactions from receipt and issue documents. At end of month, total all retail outlet issue and receipt transactions and divide the total by the total direct labor hours charged to the retail outlets. Code 6365 report measures to 6360 by the 15th of the month.

OBJECTIVES (ACCOUNTABILITY)	MEASUREMENT
5. Pre-X Bin Team Efficiency. Maintain a ratio of forty-five (45) pre-expended bin replenishment actions (1348's prepared) to each direct labor manhour charged to the pre-x bin function. (Code 6365.12, Mr. Manuel Ordonez, Ext. 8241)	5. Daily record the number of replenishment requisitions (1348's) prepared for replenishment of pre-expended bins throughout the Point Mugu Complex. At end of the month, total all pre-x bin replenishment documents and divide by the total direct labor hours charged to the pre-x bin function. Code 6365.12 report measures to 6360 via 6365 by the 15th of the month.
6. Retail Outlet Study. Conduct study of existing Retail Outlet operations aimed at consolidating & streamlining local retail system by 31 Dec 1974. Refer to (a) NAVMAT Inspector General Recommendations of 9 Aug 1974 (b) SO memo 6300 5040 of 13 Aug 1974 and (c) SO memo 6300 5040 of 19 Sep 1974.	6. Monitor progress of outside organization conducting review & analysis for Codes 6300/6360. Submit monthly progress reports to 6300 via 6360 by 10th of each month.

MBO IMPLEMENTATION SCHEDULE, CODE 6300

TARGET DATE	ACTION CODES	DESCRIPTION OF ACTION
14 Jun 74	6330 6350 6360	1. Review initial MBO monthly performance measures with 6300. Recommend goal and/or measurement changes as appropriate.
19 Jun 74	6310	2. Submit proposed 6311, 6313 and 6314 MBO goals to 6300 in standardized format.
21 Jun 74	6300	3. Approve FY 75 MBO goals for 6310, 6330, 6350 and 6360.
1 Jul 74	6310 6330 6350 6360	4. Implement scheduled performance measurement and progress review for approved FY 75 goals through the branch level.
On or before 10 Jul 74	6310 6330 6350 6360	5. Review MBO performance with Code 6300.
15 Jul 74	6300-1	6. Initial discussions of departmental mission and objectives, identification of key results, methods of measurement and possible branch level goals.
17 Jul 74	6320	7. Initial discussions of departmental mission and objectives, identification of key results, methods of measurement and possible divisional goals.
19 Jul 74	6340	8. Initial discussions of departmental mission and objectives, identification of key results, methods of measurement and possible divisional goals.
On or before 14 Aug 74	6310 6330 6350 6360	9. Review MBO performance with Code 6300.
16 Aug 74	6300.1	10. Complete formalization of AMSC MBO goals and performance measurement procedure.
23 Aug 74	6320	11. Complete formalization of General Mess Division MBO goals and performance measurement procedures.
30 Aug 74	6340	12. Complete formalization of Inventory Division MBO goals and performance measurement procedures.
On or before 11 Sep 74	6310 6330 6350 6360	13. Review MBO performance measures with Code 6300.

TARGET DATE	ACTION CODES	DESCRIPTION OF ACTION
20 Sep 74	6300.1 6320 6340	14. Review initial actual test of MBO performance measure data collection and sampling with Code 6300. Recommend goal and measurement changes as appropriate.
30 Sep 74	6300	15. Approve FY 75 MBO goals for Codes 6300.1, 6320 and 6340.
30 Sep 74	All Div. Hds	16. Complete a draft of tentative key performance goals for each supervisor in the division. Prospective goals are to be discussed with individual supervisors at time of annual performance rating. COMPMR INST 12400.1 applies.
On or before 9 Oct 74	All Div. Hds	17. Review MBO performance measures with Code 6300.
25 Oct 74	All Div. Hds	18. Complete individual supervisor annual performance reviews. Finalize written mutually agreed upon performance objectives for each supervisor.
On or before 13 Nov 74	All Div. Hds	19. Review MBO performance measures with Code 6300.
On or before 11 Dec 74	All Div. Hds	20. Review MBO performance measures with Code 6300.
20 Dec 74	6300	21. Conduct mid-year MBO system review.

APPENDIX D

PERSONNEL DEVELOPMENT AND EVALUATION
WORK PERFORMANCE FOLDER

NAME _____ Fiscal Year 19?_____

ORGANIZATION _____ Grade/Rank _____

POSITION TITLE _____ Age _____

Years of Federal Service _____

Years at Present Job _____

THIS WORK FOLDER IS A MANAGEMENT TOOL NOT A REPORT

OBJECTIVES OF THE PROGRAM

1. To promote two-way communication between the individual and his supervisor.
2. To identify and integrate individual and organizational objectives.
3. To support and promote individual and organizational development.
4. To encourage results-oriented management.
5. To establish a results-oriented assessment of individual performance.

GOAL SETTING METHOD

1. Review the outline of the goals and controls procedures on the back of this folder and any special procedures established by your organization.
2. After the initial briefing each manager should complete the first sections of A through C for his own job. After that he should do the same for each person who reports to him.
3. The manager should again meet with his supervisor and mutually agree on personal and job goals for the coming year.
4. Both the supervisor and subordinate will have a copy of the agreed upon work folder and it becomes a working document.

FEEDBACK

1. During the next 12 months the supervisor will hold periodic review meetings. These will be held at least each 3 months and will review progress toward the objectives. He will provide assistance in reaching goals and making any changes in goals as necessary.
2. After 12 months, the remaining sections of the folder will be completed and discussed with the individual and a new sheet will be proposed for the next year.

How This Job Contributes To The Organization's Missions

A. Instructions	A. Personal Development	
1. Note as accurately as possible the type of work this individual wants to do in the next 2 years. It is also desirable to include longer-run career desires.	1. Career Aspirations	
2. Indicate this persons greatest strengths which can be used to achieve future career aspirations.	2. Greatest Strengths	
3. Indicate any specific managerial, professional or technical areas requiring training or further development.	3. Areas Requiring Development or Training	
4. After discussing 1, 2, & 3, the individual and his supervisor develop a plan to meet career aspirations through personal development. A few personal goals are mutually agreed upon and written in Section 4 the achievement of these goals should increase the individual's knowledge, ability, skill or potential.	4. Personal Development Goals For The Year	Evidence of Accomplishment

B. Professional and Technical Job Responsibilities

C. Managerial Aspects of the Job

D. Specific Job Goals

PERSONNEL DEVELOPMENT & EVALUATION

Employee Name _____

B. Instructions

1. In this section the major responsibilities which are professional or technical are noted. These responsibilities are specific to this particular professional job.

2. Determine which professional or technical aspects of the job are the most important. You might start by listing all such aspects of the job and then reduce the list to the critical few which are listed on this performance sheet. As a general rule, only about 20% of the various tasks one does are actually of critical importance and these may take the major part of one's time. These critical few technical or professional parts of the job should have clearly stated objectives, achievement levels, an explicit statement of evidence of accomplishment and a date for goal accomplishment. The remaining tasks need not be entered on this sheet. But if performance on the omitted aspects becomes deficient and is affecting the individual's overall performance, then it is appropriate to enter the task in this section. Each item on the sheet will be reviewed at least quarterly.

C. Instructions

1. In this section the major managerial responsibilities of the individual are noted. These responsibilities are general managerial functions such as planning, controlling, staffing, organizing, directing, communicating, supervising, and developing subordinates. How well an individual accomplishes these parts of his job is more difficult to measure than the professional or technical aspects, but is of vital importance for a line job and some staff positions.

2. As the year progresses specific incidents occur which will be viewed as specific examples of desirable or undesirable managerial performance. Such critical incidents influence how the managerial goals have been accomplished and offer a beginning point for dialogue between the individual and his supervisor. You should note the critical incidents in this section. Be as precise as possible about what occurred and the circumstances surrounding the event. You may want to make notes on separate paper and discuss them at the next review session. Even if you have separate notes, indicate the nature of the critical incident in this section. Few individuals are equally strong or equally weak in performing all managerial responsibilities. Noting these strengths and weaknesses will allow you to recognize reoccurring patterns. These patterns can be a basis for overcoming weakness and building on strengths.

3. The development of subordinates is a primary managerial responsibility. Each manager should have the development of his subordinates as one of his specific managerial goals.

Dates of Quarterly Review _____

D. Instructions

1. In this section specific tasks, projects, assignments, duties, etc. which are part of this individual's job in the coming year are noted. Some of these efforts are for only a few months, some are intermediate in length (6 months) and some are a year or more in length. An effective manager has some tasks in each of these categories. As the short range objectives are satisfactorily completed, new short run objectives can be added but the whole work performance schedule must be considered. Through effort, most managers can plan and schedule so as not to be consistently solving some "unforeseen" problem.

2. When setting goals the supervisor can set them alone or involve the individual in goal setting. When feasible, mutual goal setting is recommended because when an individual participates in goal setting, he is more likely to take personal pride in completing the task.

3. Frequently differences of opinion exist between levels of supervision as to what should be worked on, the priority of various tasks, and what level of achievement and evidence of achievement is used to appraise performance. By specifying these in enough detail so that both the supervisor and the subordinate clearly understand, many misunderstandings may be avoided. Each goal should: a) be clearly stated, b) indicate what evidence will be used to determine if and to what extent the goal was achieved, and c) state when the goal is to be met. The manager should indicate the relative importance of the different goals.

Annual Review _____

F. Year-End Performance Summary

Instructions	SUMMARY
1. Describe this individual's performance over the last year. Your write-up should be clear and precise. It should be based on the goals set and what actually occurred throughout the year. Personal development, technical performance, managerial performance and specific job goals should be explicitly noted. After the Year-End Performance Summary is completed the Performance Summary should be discussed with the individual. The main purpose is to communicate what work needs to be done for the next year.	1. Supervisor's Overall Evaluation of Work Performance
2. Considering this individual's career aspirations and your appraisal of his work performance make a recommendation for future jobs or a career path.	2. Career Path Plan and Recommendations
3. Indicate which of the five statements best describes this individual's overall job performance in both job related goals and personal development goals.	3. How Well the Individual Accomplished The Goals

		Job	Personal
Outstanding	Far Exceeded All The Goals		
Satisfactory	Exceeded Most of The Goals		
	Meets Normal Requirements and Goals		
	Meets Minimal Requirements and Goals		
Unsatisfactory	Did Not Meet Requirements or Goals		

4. Signatures

Date

Individual Appraised _____ _____

Appraiser/Supervisor _____ _____

Appraiser's Superior _____ _____

If the individual appraised, his supervisor or the appraiser's superior wishes to comment on the appraisal, attach the written statement to the completed Work Performance folder.

☐ See Attached Statement

OUTLINE OF THE PROCESS OF PERSONNEL EVALUATION AND DEVELOPMENT

Goals and Controls Concept

The idea of management by goals and controls is not new, it is used by many of the largest organizations in government and private enterprise. The objective of this method is to direct the work effort of the individual to accomplish results which will produce what management desires while including the goals and desires of the individual. This method can be effectively used to promote a "results-oriented" organization. This folder is a live management tool and should be used regularly.

Goal Establishing Procedures

Most effective managers have results or goals in mind when they perform their duties. It has been found that explicitly writing down goals and talking them over with your subordinates will improve your effectiveness as a manager and will give your subordinates a clearer understanding of what is expected of them. The paper work detail, which at first seems excessive soon becomes routine and contributes to your managerial effectiveness.

You will prepare preliminary work sheets (which resemble sections A through D of this folder) for your job and preliminary sheets for each of your subordinates. After meeting with your superior and agreeing on your goals, the Work Performance folder is completed. Usually the superior and subordinate each have copies of the agreed upon goals. This process cascades down the organization to the first level of management.

Setting Your Own Goals

The first step in the program is an initial briefing with your supervisor. He will discuss the goals he has worked out with his supervisor. Goals have been set above your level of management and your work must produce results which allow your supervisor to meet his objectives. After your initial briefing, complete the biographic sections on top of the first page and part A of this folder. A group appraisal of your work (No. 2, 3, & 4) can be of assistance here. After completing A, go to B, C & D and write down the critical achievement levels, and have specific times for completion. It is especially important that goals identify results to be achieved rather than activities which accomplish results. A manual that discusses goal setting is available.

The second step is a goal setting meeting with your supervisor. You will discuss your personal goals, the goals of the job as you see them and how he sees them. In addition, you will discuss the ways to make all the goals fit together. Do not be surprised if on the first meeting you two do not see eye to eye. Your supervisor may have changed his goals and may want you to reconsider certain of your own goals. It is best to focus on the future as soon as possible — the past cannot be changed. After you have worked out your goals for the next year, think of how your subordinates can direct their efforts at achieving your objectives. Of course, this was part of your thinking when you worked out your own goals because your job as a manager is to direct your subordinates in accomplishing the objectives of your organization.

Establishment of Goals With/For Subordinates

The third step is to integrate your goals and those of your subordinates. First indicate how your subordinate contributes to the organization's goals. Remember this is not a job description of activities, but a description of general results which cause your organization to meet its goals. The manual may help here too. Complete section No.'s 2, 3, & 4 of A. Write sections B, C, & D. You should be as clear as possible, have a measurable achievement level, a time for completion, and the goals should be result-oriented. As soon as you have written down these goals, meet with the individual, he will have written down goals as he sees them too. Again do not be surprised if you have to work out what is to be done, what evidence will be used to evaluate the results, and what is the proper time for completion of the goal. It is best to have an open mind toward the views of your subordinates — this is not permissiveness. Just as you know aspects of your job better than your superior, your subordinates have much to contribute to goal setting for their jobs. After working out goals with your subordinates, it is a good practice to discuss them with your superior to insure that all efforts are directed to the appropriate result areas.

The fourth step is to monitor the progress toward the goals. This is the part of management to which you are most accustomed. Quarterly reviews are the minimum. Give coaching and guidance frequently. As conditions change, re-evaluate the goals as necessary. This sheet should be referred to often. In section E, the manager notes the progress toward the goal. When incidents occur which indicate relatively high or low managerial performance, they should be written in this section. These can be used as examples in guiding and coaching your subordinates in improving their managerial capabilities.

The final step is to appraise the individual on what has been accomplished and set goals for the next year. Remember, this is a working method of management, not a report to management.

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